

**Gnosis Limited**  
**TERMS OF TOKEN SALE**

April 22, 2017

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

Your purchase of Gnosis tokens (“**GNO Tokens**”) during the Token sale period (“**Sale Period**”) from Gnosis Limited (“**Company**,” “**we**,” or “**us**”) is subject to these Terms of Sale (“**Terms**”). Each of you and Company are a “**Party**,” and together the “**Parties**.”

By purchasing GNO Tokens from us during the Sale Period, you will be bound by these Terms and all terms incorporated by reference. If you have any questions regarding these Terms, please contact us at info@gnosis.pm.

You and Company agree as follows:

**1. Purpose and Use of GNO Tokens in the Network**

The purpose of the GNO Tokens is to facilitate the provision and receipt of prediction market services (collectively, the “**Services**”) through the open source protocol created and released by Company that provides the infrastructure and tools for creating prediction market applications (the “**Network**”). Specifically, GNO Tokens are intended to facilitate the provision of Services from Company in the Network, which include active developer support, maintenance of a robust user interface, and various customization tools, described more fully in **Exhibit A**.

We do not operate or maintain the Network, and as such, we have no responsibility or liability for the Network or any ability to control third parties’ use of the Network.

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

**2. Scope of Terms**

Unless otherwise stated herein, these Terms govern only your purchase of GNO Tokens from us during the Sale Period.

Any use of GNO Tokens in connection with providing or receiving Services in the Network will be governed primarily by other applicable terms and policies (collectively, the “**Service Terms and Policies**”), which will be made available on our website. We

may add new terms or policies to the Service Terms and Policies in our sole discretion, and may update each of the Service Terms and Policies from time to time according to modification procedures set forth therein. To the extent of any conflict with these Terms, the Service Terms and Policies shall control.

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

Your purchase of GNO Tokens from us during the Sale Period is final, and there are no refunds or cancellations except as may be required by applicable law or regulation. We reserve the right to refuse or cancel GNO Token purchase requests at any time in our sole discretion.

### **4. GNO Token Sale Procedures and Specifications**

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

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

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

### **6. Security**

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

### **7. Personal Information**

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

## **8. Taxes**

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

## **9. Representations and Warranties**

By purchasing GNO Tokens, you represent and warrant that:

- (a) You have sufficient understanding of cryptographic tokens, token storage mechanisms (such as token wallets), and blockchain technology to understand these Terms and to appreciate the risks and implications of purchasing the GNO Tokens;
- (b) You have read and understand these Terms (including all Exhibits);
- (c) You have obtained sufficient information about the GNO Tokens to make an informed decision to purchase the GNO Tokens;
- (d) You understand that the GNO Tokens confer only the right to provide and receive Services in the Network and confer no other rights of any form with respect to the Network or Company, including, but not limited to, any voting, distribution, redemption, liquidation, or other financial or legal rights;
- (e) You are not purchasing GNO Tokens for any uses or purposes other than to provide or receive Services in the Network, including, but not limited to, any investment, speculative or other financial purposes;
- (f) Your purchase of GNO Tokens complies with applicable law and regulation in your jurisdiction, including, but not limited to, (i) legal capacity and any other threshold requirements in your jurisdiction for the purchase of the GNO Tokens and entering into contracts with us, (ii) any foreign exchange or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained;
- (g) You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of GNO Tokens;
- (h) If you are purchasing GNO Tokens on behalf of any entity, you are authorized to accept these Terms on such entity's behalf and that such entity will be

responsible for breach of these Terms by you or any other employee or agent of such entity (references to “you” in these Terms refer to you and such entity, jointly); and

- (i) You are not a resident or domiciliary of New York.

## **10. Indemnification**

- (a) To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless Company and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the “**Company Parties**”) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys’ fees) that arise from or relate to: (i) your purchase or use of GNO Tokens, (ii) your responsibilities or obligations under these Terms, (iii) your violation of these Terms, or (iv) your violation of any rights of any other person or entity.
- (b) Company reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under Section 10(a). This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and Company.

## **11. Disclaimers**

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

Some jurisdictions do not allow the exclusion of certain warranties or disclaimer of implied terms in contracts with consumers, so some or all of the exclusions of warranties and disclaimers in this section may not apply to you.

## **12. Limitation of Liability**

(A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) IN NO EVENT WILL COMPANY OR ANY OF THE COMPANY PARTIES BE LIABLE FOR ANY

INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, WHERE RELATED TO LOSS OF REVENUE, INCOME OR PROFITS, LOSS OF USE OR DATA, OR DAMAGES FOR BUSINESS INTERRUPTION) ARISING OUT OF OR IN ANY WAY RELATED TO THE SALE OR USE OF THE GNO TOKENS OR OTHERWISE RELATED TO THESE TERMS, REGARDLESS OF THE FORM OF ACTION, WHETHER BASED IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, SIMPLE NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR ANY OTHER LEGAL OR EQUITABLE THEORY (EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE); AND (II) IN NO EVENT WILL THE AGGREGATE LIABILITY OF COMPANY AND THE COMPANY PARTIES (JOINTLY), WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR OTHER THEORY, ARISING OUT OF OR RELATING TO THESE TERMS OR THE USE OF OR INABILITY TO USE THE GNO TOKENS, EXCEED THE AMOUNT YOU PAY TO US FOR THE GNO TOKENS.

(B) THE LIMITATIONS SET FORTH IN SECTION 12(A) WILL NOT LIMIT OR EXCLUDE LIABILITY FOR THE GROSS NEGLIGENCE, FRAUD OR INTENTIONAL, WILLFUL OR RECKLESS MISCONDUCT OF COMPANY.

(C) Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages. Accordingly, some of the limitations of this section may not apply to you.

### **13. Release**

To the fullest extent permitted by applicable law, you release Company and the other Company Parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties. **You expressly waive any rights you may have under California Civil Code § 1542 as well as any other statute or common law principles that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.**

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

PLEASE READ THE FOLLOWING SECTION CAREFULLY BECAUSE IT CONTAINS ADDITIONAL PROVISIONS APPLICABLE ONLY TO INDIVIDUALS LOCATED IN THE UNITED STATES. IF YOU ARE LOCATED IN THE UNITED STATES, THIS SECTION REQUIRES YOU TO ARBITRATE CERTAIN DISPUTES AND CLAIMS WITH

COMPANY AND LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF FROM US.

- (a) **Binding Arbitration.** Except for any disputes, claims, suits, actions, causes of action, demands or proceedings (collectively, “**Disputes**”) in which either Party seeks to bring an individual action in small claims court or seeks injunctive or other equitable relief for the alleged unlawful use of intellectual property, including, without limitation, copyrights, trademarks, trade names, logos, trade secrets or patents, you and Company (i) waive your and Company’s respective rights to have any and all Disputes arising from or related to these Terms resolved in a court, and (ii) waive your and Company’s respective rights to a jury trial. Instead, you and Company will arbitrate Disputes through binding arbitration (which is the referral of a Dispute to one or more persons charged with reviewing the Dispute and making a final and binding determination to resolve it instead of having the Dispute decided by a judge or jury in court).
- (b) **No Class Arbitrations, Class Actions or Representative Actions.** Any Dispute arising out of or related to these Terms is personal to you and Company and will be resolved solely through individual arbitration and will not be brought as a class arbitration, class action or any other type of representative proceeding. There will be no class arbitration or arbitration in which an individual attempts to resolve a Dispute as a representative of another individual or group of individuals. Further, a Dispute cannot be brought as a class or other type of representative action, whether within or outside of arbitration, or on behalf of any other individual or group of individuals.
- (c) **Federal Arbitration Act.** These Terms affect interstate commerce and the enforceability of this Section 14 will be both substantively and procedurally governed by and construed and enforced in accordance with the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the “**FAA**”), to the maximum extent permitted by applicable law.
- (d) **Notice; Informal Dispute Resolution.** Each Party will notify the other Party in writing of any arbitrable or small claims Dispute within thirty (30) days of the date it arises, so that the Parties can attempt in good faith to resolve the Dispute informally. Notice to Company shall be sent by e-mail to Company at [notices@gnosis.pm](mailto:notices@gnosis.pm). Notice to you shall be by email to the then-current email address in your Account. Your notice must include (i) your name, postal address, email address and telephone number, (ii) a description in reasonable detail of the nature or basis of the Dispute, and (iii) the specific relief that you are seeking. If you and Company cannot agree how to resolve the Dispute within thirty (30) days after the date notice is received by the applicable Party, then either you or Company may, as appropriate and in accordance with this Section 14, commence an arbitration proceeding or, to the extent specifically provided for in Section 14(a), file a claim in court.

- (e) **Process.** Any arbitration will occur in Kings County, New York. Arbitration will be conducted confidentially by a single arbitrator in accordance with the rules of the Judicial Arbitration and Mediation Services (“**JAMS**”), which are hereby incorporated by reference. The state and federal courts located in Kings County, New York will have exclusive jurisdiction over any appeals and the enforcement of an arbitration award. You may also litigate a Dispute in the small claims court located in the county where you reside if the Dispute meets the requirements to be heard in small claims court.
- (f) **Authority of Arbitrator.** As limited by the FAA, these Terms and the applicable JAMS rules, the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Dispute, including the determination of whether a Dispute is arbitrable, and (ii) the authority to grant any remedy that would otherwise be available in court; provided, however, that the arbitrator does not have the authority to conduct a class arbitration or a representative action, which is prohibited by these Terms. The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual’s claims, preside over any type of class or representative proceeding or preside over any proceeding involving more than one individual.
- (g) **Rules of JAMS.** The rules of JAMS and additional information about JAMS are available on the [JAMS website](#). By agreeing to be bound by these Terms, you either (i) acknowledge and agree that you have read and understand the rules of JAMS, or (ii) waive your opportunity to read the rules of JAMS and any claim that the rules of JAMS are unfair or should not apply for any reason.

## 15. Governing Law and Venue

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

## 16. Severability

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

## 17. Miscellaneous

These Terms constitute the entire agreement between you and us relating to your purchase of GNO Tokens from us. We may assign our rights and obligations under

these Terms. Our failure to exercise or enforce any right or provision of these Terms will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these Terms where the delay or failure results from any cause beyond our reasonable control. Purchasing GNO Tokens from us does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in herein, these Terms are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these Terms, will be provided in electronic form.

\* \* \* \* \*



## Exhibit A

### Description of Network and Tokens

#### 1. Overview of Network and Services

The Network consists of two customer-facing platforms, as described more fully below, that provide the infrastructure and tools for creating prediction market applications. Possible application use cases include, but are not limited to, information gathering, financial markets, betting and governance.

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

The two platforms within the Network are (a) a basic platform (“**GnosisBasic**”) and (b) a premium platform (“**GnosisPremium**”). The Services (as defined below) will be provided only through GnosisPremium.

GnosisBasic will be an open source platform that is not actively supported by the Gnosis developer team, and that will generally have a less robust user interface than GnosisPremium (as described below). The Company contemplates that relatively more basic applications will unfold on GnosisBasic, including market scoring rule, settlement, basic management and API, and oracle marketplace. Company will not collect fees for use of GnosisBasic.

GnosisPremium will be actively supported by Company’s Gnosis developer team, meaning it will be bolstered and supplied with a robust user interface, tools for developing on the platform, services, and additional applications (together, the “**Services**”). The Company contemplates that the most significant applications will unfold on GnosisPremium, including market mechanisms, state channels, stable coins, open source skins, and customization tools. As compensation for the Services it provides in connection with GnosisPremium, the Company will collect fees for use of GnosisPremium. The Company anticipates that these fees will be paid principally in WIZ.

Tokens (defined below). The Company may at its sole discretion elect to also accept fees in Ether, Bitcoin and potentially other forms. GNO Tokens will be an essential utility for participants on GnosisPremium, since GNO Tokens will be used to generate WIZ Tokens for purposes of paying GnosisPremium fees (as described below).

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

GNO Tokens function as a “powerplant” for the creation of a second token called Wisdom (“**WIZ Tokens**”, and together with GNO Tokens, the “**Tokens**”). In order to enable this creation, GNO Token holders interact with a smart contract that requires them to “lock” their GNO Tokens according to specified time parameters.

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

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

Under that formula, the exact amount of WIZ Tokens received per GNO Token per day will depend on: the (1) total WIZ Tokens in the Network as of the user’s agreement to lock GNO Tokens; (2) total GNO Tokens locked in the Network as of the user’s agreement to lock GNO Tokens; (3) total WIZ Token consumption in the Network 30 days prior to the user’s agreement to lock GNO Tokens; and (4) the number of GNO Tokens the user wants to lock. There is also a bonus factor for locking GNO Tokens for longer than 30 days; the maximum factor is roughly 1.6 for locking GNO Tokens down for one year.

The exact amount of WIZ Tokens generated per locked GNO Token will be known and calculable by the user prior to the execution of the contract (i.e., the locking of GNO Token). In order to prevent WIZ Token generation from being uncertain, the “genesis” WIZ Token creation will be fixed. WIZ Tokens are distributed directly to the GNO Token holders and can then be utilized by the GNO Token holders to pay for fees enabling participation on GnosisPremium (and compensating Company for the Services it renders on GnosisPremium).

When WIZ Tokens are redeemed to pay fees for GnosisPremium, those WIZ Tokens are burned.

## **3. Fee Reduction Mechanism**

As noted above, it is expected that WIZ Tokens will be the predominant method for paying fees in GnosisPremium. In the unexpected event that this is not true, and users are paying in other forms, GnosisPremium may be subject to low-fee copycats. These alternative platforms would cause erosion of the Network userbase. To protect the Network from this possible scenario, and to provide developers and partners additional

confidence in the stability of GnosisPremium, it is necessary to create a backstop mechanism to ensure that fees on GnosisPremium remain competitive (the “**Fee Reduction Mechanism**”).

As part of the Fee Reduction Mechanism, fees generated through participation on the GnosisPremium platform in payment methods other than WIZ Tokens (which, again, are burned immediately upon expenditure and not received by Company) will be directly credited to an auction contract (the “**Contract Fees**”). When the auction contract is live, any Ethereum wallet holding GNO Tokens can start an auction at any time by making a bid for a specific amount of Contract Fees.

## **Exhibit B**

### **Token Sale Procedures and Specifications**

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

Company has created 10 million GNO Tokens, a certain percentage of which will be sold during the Sale Period according to the specifications below.

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

The Sale Period will begin on April 24, 2017 and continue until either (a) 12.5 million USD value worth of Ether are received for GNO Tokens sold or (b) 9 million GNO Tokens are sold (each, a “**Completion Condition**”).

#### **3. Mechanism for Pricing GNO Tokens**

During the Sale Period, GNO Tokens will be sold and priced using a decreasing cost auction mechanism (also known as a “Dutch auction”). Through this mechanism, purchasers of GNO Tokens will indicate the maximum price they are willing to pay for GNO Tokens (the “**Reserve Price**”), but will ultimately pay a lower or equivalent Final Price (as defined below) determined at the end of the Sale Period.

Reserve Prices will be denominated in Ether and decrease in a hyperbolic schedule as additional blocks are added to the Ethereum blockchain during the Sale Period. Specifically, Reserve Prices will be determined as follows:

$$\text{Price per GNO Token} = 4500 \text{ ETH} / (\text{current block number} - \text{auction start block number} + 7500)$$

At any time during Sale Period, purchasers may commit to purchasing GNO Tokens at a given Reserve Price as determined by the above formula at that point in time.

When one of the Completion Conditions has occurred, thus concluding the Sale Period, the final price per GNO Token (“**Final Price**”) is determined by the application of the formula to the final block that triggered one of the two Completion Conditions. Regardless of the Reserve Price that a purchaser selected, each purchaser of GNO Tokens during the Sale Period will receive GNO Tokens at the Final Price.

#### **4. Receiving GNO Tokens**

Purchasers will gain access to their GNO Tokens seven (7) days after the conclusion of the Sale Period. This is intended to allow an adequate window for security purposes.

#### **5. GNO Tokens Retained by Company and Founders**

The Company will keep the difference between the amount of GNO Tokens created and amount sold during the GNO Token sale, which will be no less than 10% (the “**Retained GNO**”).

The Company intends to provide some portion of the Retained GNO to founders and early employees over an estimated four (4) year period. The Company may decide to sell some or all of any additional Retained GNO, although there are no plans to do this at the moment. The Company will lock up at least 99% of that Retained GNO not provided to founders and early employees for a period of at least one (1) year.

#### ***6. Use of Proceeds from GNO Token Sale***

The Ether that Company receives for GNO Tokens sold during the Sale Period will be used to complete development of the Network and cover marketing costs. The remaining Ether may also be used to further develop tools and applications in the Network.

## **Exhibit C**

### **Certain Risks Relating to Purchase, Sale and Use of Tokens**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **8. Unanticipated Risks**

Cryptographic tokens such as the Tokens are a new and untested technology. In addition to the risks included in this **Exhibit C**, there are other risks associated with your purchase, holding and use of Tokens, including those that the Company cannot

anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this **Exhibit C**.