

## Salient Points of ERD Token

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**BY CLICKING ON THE WEBSITE YOU ACCEPT THESE TERMS AND CONDITIONS AND YOU ACKNOWLEDGE THAT YOU HAVE READ AND AGREE TO THE FOLLOWING SALIENT POINTS:**

- YOU UNDERSTAND AND AGREE THAT TOKENS ARE NOT INTENDED TO CONSTITUTE A DIGITAL CURRENCY, COMMODITY, SECURITY, FINANCIAL INSTRUMENT OR ANY OTHER FORM OF INVESTMENT IN ANY JURISDICTION. THE TERMS, THE WHITEPAPER, AND ALL OTHER DOCUMENTS LINKED TO THE TOKEN OFFER, THE ACQUISITION, HOLDING AND/OR USE OF TOKENS DO NOT CONSTITUTE A PROSPECTUS OR OFFERING DOCUMENT AND ARE NOT A SOLICITATION FOR INVESTMENT AND DO NOT CONSTITUTE AN OFFER OF SECURITIES TO THE PUBLIC OR A COLLECTIVE INVESTMENT SCHEME..**
  
- YOU UNDERSTAND THAT, AFTER THE DATE OF THE ACCEPTANCE OF THESE TERMS, IF THERE ARE ANY REGULATORY ACTIONS, OR CHANGES TO LAW OR REGULATIONS IMPOSED WHICH ARE APPLICABLE IN RELATION TO PARTICIPATION TO THE TOKEN OFFER, THE ACQUISITION OF TOKENS, AND/OR THE HOLDING AND USE OF TOKEN AND/OR VIRTUAL CURRENCIES OR OTHER TOKENS: (A) THESE TERMS OR ANY OTHER DOCUMENTS MAY BE CHANGED SIGNIFICANTLY BY THE COMPANY TO ENSURE COMPLIANCE WITH SUCH REGULATORY REQUIREMENTS AND (B) THE COMPANY RETAINS THE RIGHT TO DO ALL THAT IS NECESSARY TO BE IN COMPLIANCE WITH SUCH REGULATORY REQUIREMENTS, INCLUDING BUT NOT LIMITED TO CEASING OPERATIONS (IF NECESSARY).**
  
- PURSUANT TO THE VIRTUAL FINANCIAL ASSETS ACT, CHAPTER 590 OF THE LAWS OF MALTA, (“THE ACT”), THE HOMEPAGE WILL CONTAIN INFORMATION IN ACCORDANCE WITH ARTICLE 5 AND ARTICLE 30 OF THE ACT. FURTHERMORE, IN ACCORDANCE WITH ARTICLE 9, WHERE THE ISSUER IS REQUIRED TO MAKE CERTAIN INFORMATION PUBLIC, OR PROVIDE NOTICE THEREOF, THIS REQUIREMENT IS CONSIDERED TO HAVE BEEN COMPLIED WITH BY PUBLISHING SUCH INFORMATION ON THE COMPANY WEBSITE.**
  
- YOU UNDERSTAND AND AGREE THAT TO THE EXTENT THAT YOU ARE NOT A PROHIBITED INVESTOR, IT IS SOLELY UP TO YOU TO ENSURE THAT NO PRIOR OR SUBSEQUENT APPROVAL, NOTIFICATION, REGISTRATION OR LICENCE IS NEEDED TO PARTICIPATE IN, ACQUIRE, HOLD AND/OR USE TOKENS AND THE PLATFORM. IF SUCH IS NEEDED, IT IS SOLELY UP TO YOU TO OBTAIN SUCH PRIOR OR SUBSEQUENT APPROVAL, NOTIFICATION, REGISTRATION OR LICENCE OR ANY OTHER FORM FOR THE PARTICIPATION IN, ACQUISITION, HOLDING AND/OR USE OF TOKENS AND THE PLATFORM. AND ALL OF THIS IN THE COUNTRY WHERE YOU ARE A CITIZEN, NATIONAL, RESIDENT OR HAVING A SIMILAR CONNECTING FACTOR, OR INCORPORATED, REGISTERED OR EFFECTIVELY MANAGED, AND YOU UNDERSTAND THAT THE COMPANY SHALL NOT IN ANY WAY BE LIABLE FOR ANY NON-CONFORMITY OF THE ABOVE BY YOU.**

- YOU UNDERSTAND AND AGREE THAT TOKENS CARRY NO RIGHTS, WHETHER EXPRESS OR IMPLIED, OTHER THAN THE RIGHT TO USE TOKEN ON THE PLATFORM.**
- TOKENS DO NOT REPRESENT OR CONFER ANY OWNERSHIP RIGHT OR STAKE, SHARE OR SECURITY OR EQUIVALENT RIGHTS, INTELLECTUAL PROPERTY RIGHTS OR ANY OTHER FORM OF PARTICIPATION RELATING TO THE COMPANY. TOKENS DO NOT GIVE YOU ANY ENTITLEMENT TO ACQUIRE ANY SUCH INTEREST OR ENTITLEMENT IN RESPECT OF THE COMPANY.**
- YOU UNDERSTAND AND AGREE THAT THE COMPANY SHALL NOT BE HELD LIABLE FOR ANY SPECULATIVE INTENTION BY YOU OR FROM ANY THIRD PARTIES WHO ATTEMPT TO HOLD THE TOKENS FOR ANY OTHER REASON.**
- YOU UNDERSTAND AND AGREE THAT TOKENS SHALL ONLY BE ACQUIRED FROM THE COMPANY BY MEANS OF THE TOKEN OFFER UNLESS OTHERWISE AGREED BY THE PARTIES. ANY TRADING OF TOKENS ON THE SECONDARY MARKET SHALL BE AT THE SOLE RISK AND RESPONSIBILITY OF THE INVESTOR. THE COMPANY SHALL NOT BE RESPONSIBLE FOR ANY DERIVED RISKS AND LOSSES FROM SUCH SECONDARY TRADING ON AN EXCHANGE OR THE SECONDARY MARKET BY THE INVESTOR.**
- YOU HEREBY WARRANT THAT YOU ARE NOT A PROHIBITED INVESTOR AS DEFINED IN THESE TERMS AND YOU UNDERSTAND AND AGREE THAT TOKENS ARE NOT AVAILABLE TO PROHIBITED INVESTORS. THE COMPANY RETAINS THE RIGHT NOT TO ALLOW THE USE OF THE PLATFORM TO ANY PROHIBITED INVESTORS.**
- THE COMPANY RESERVES THE RIGHT TO REFUSE OR CANCEL TOKENS AT ANY MOMENT IN TIME AND AT ITS SOLE DISCRETION.**
- YOU HEREBY CONSENT TO THE COLLECTION AND PROCESSING OF ANY PERSONAL DATA BY THE COMPANY ACCORDING TO THE GENERAL DATA PROTECTION REGULATION ('GDPR'), THE DATA PROTECTION ACT, CAP. 586 OF THE LAWS OF MALTA ('DPA') AND THE PROCESSING OF PERSONAL DATA (ELECTRONIC COMMUNICATION SECTOR) REGULATIONS, SL. 586.01 OF THE LAWS OF MALTA.**

# Terms and Conditions of ERD Token

**YOU ACKNOWLEDGE THAT YOU HAVE READ AND AGREE TO THE TERMS AND CONDITIONS.**

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PLEASE READ THESE TERMS CAREFULLY AND IN THEIR ENTIRETY. THIS DOCUMENT DESCRIBES THE TERMS AND CONDITIONS APPLICABLE TO THE PARTICIPATION IN THE TOKEN OFFER AND/OR THE ACQUISITION, HOLDING AND USE OF TOKENS

## Definition and Interpretation

The following words and phrases, wherever used herein, shall have the following meaning:

<b>Act</b>	The Virtual Financial Assets Act, 2018
<b>Company</b>	Elrond Ltd, a Maltese company with registration number C. 88751 as the future issuer of the native ERD token at the launch of the mainnet, and/or Elrond Network SRL, a Romanian Company, Reg. no 39424028 as the project developer of Elrond;
<b>Documents</b>	all documents, annexes and other relevant information regulating the initial minting and allocation of Tokens and/or the use of Tokens including but not limited to the White Paper, the Private Token Offer Agreement, the Public Token Offer Agreement, the Terms, the Privacy Policy and all information made available by the Company on the Website or elsewhere from time to time, and to the extent applicable;
<b>GDPR</b>	General Data Protection Regulation i.e. Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (general Protection Regulation);
<b>Investor</b>	any person (natural or juridical), who intends to contribute and/or participate in the reward based fundraising event and/or who intends to acquire, hold and/or use Token and utilises the Platform;
<b>Private Token Offer</b>	the offer made by the Company, through a private reward-based fundraising event, to accept contributions towards the Project, which contributions will be rewarded with an allocation of a determinate amount of Tokens to Participants according to the terms of the Private Token Offer Agreement.
<b>Private Token Offer Agreement</b>	the agreement between the Company and the Investors in relation to the Private Token Offer Agreement;
<b>Prohibited Investor</b>	(i) a natural person wishing to become an Investor and being a citizen, national, resident or having a similar connecting factor to; or (ii) a juridical person wishing to become an Investor and being incorporated, registered or effectively managed and controlled from or in: (a) a country, jurisdiction or territory where where the Token Offer, if applicable, or the holding and use of Tokens and/or virtual currencies or other tokens at any other moment in

time is prohibited by laws, regulations or other practices and policies in the said country, jurisdiction or territory, which is taken to include, but is not limited to U.S.A. or any other jurisdictions where the aforementioned are prohibited or in (b) countries, regimes and organisations which are subject to international sanctions issued by the United Nations Security Council, European Union or by the United States of America as updated from time to time and which shall include persons, groups and entities subject to such sanctions. This shall include any person representing or acting on behalf of such restricted Prohibited Investor/s in any manner or capacity whether openly or covertly;

<b>Project</b>	the Project being the reason behind the Token Offer, with the aim of creating a public blockchain infrastructure by introducing a genuine State Sharding approach and a Secure Proof of Stake consensus mechanism as explained in the White paper and/or Website;
<b>Public Token Offer</b>	the reward based fundraising event carried out by the Company in terms of its White Paper;
<b>Public Token Offer Agreement</b>	the agreement between the Company and the Investors in relation to the Public Token Offer;
<b>Terms</b>	the terms and conditions governing the acquisition, holding or use of Tokens at any moment in time, as stated herein, which may be updated from time to time;
<b>Token (s)</b>	a utility cryptographic decentralized token named ERD. Until the launch of the platform (mainnet) the token will be an interim token based on the Binance Chain (BEP2 standard) and at the launch of the platform (mainnet), the interim token will be swapped to the native token based on the Company's new blockchain, intended primarily for the use of, access or participation to the Elrond Public Blockchain as outlined in the White Paper and/or Website. The term 'Token(s)'' is also used interchangeably with <u>ERD</u> throughout the Documents;
<b>Token Offer</b>	shall refer to the Private Token Offer and/or the Public Token Offer as may be applicable;
<b>Wallet</b>	a private key, or a combination of private keys linked to an Binance-based digital wallet having a unique address and capable of accepting BEP2 tokens including the Token and which is necessary to acquire, hold and dispose of Tokens;
<b>Website</b>	shall include any of the website linked to the domain www.elrond.com and all subdomains of such website or any other website as indicated by the Company from time to time;

<b>Platform</b>	a decentralized platform on the basis of blockchain technology and smart contracts for the purpose of the Project and on which the Tokens are utilised;
<b>White Paper</b>	the initial indicative document prepared and issued by the Company, utilised to explain the Platform, the Project and the use of Token to Investors.

The reference to the terms “*country*”, “*jurisdiction*” and “*territory*” may be used interchangeably within the Terms and shall have the same meaning and shall also be taken to include any determinate geographic location to the extent applicable in the Terms.

The reference to the term “*holding*” used within the Terms with respect to the holding of the Token shall be construed to include holding in any manner including but not limited to ‘ownership’ and ‘possession’, whether in the Investor’s own name or on behalf of others.

The term “*use*” with respect to the use of Tokens shall be construed to include ‘trade’, ‘barter’, ‘exchange’ or ‘utilizing’ of Tokens in any other manner, whether in the Investor’s own name or on behalf of others.

The term “*Wallet*” shall be construed to include ‘digital vault’ or other storage mechanism and these terms may be used interchangeably within the Terms.

The terms “*you*” “*your*” “*he*”, “*contributor*” and “*investor*” may be used interchangeably within the Terms and shall have the same meaning as the definition of Investor above.

The headings in the Terms are inserted for convenience only and shall not affect its construction.

Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa.

## Scope

The Terms shall constitute an agreement between the Investor and the Company and shall govern the participation in the Token Offer, the acquisition, holding or use of Tokens, as updated from time to time, to the extent not covered by any of the other Documents.

The Company is the issuer of Tokens which shall be utilised on the Platform. Information on the Token and the Platform may be found in the Documents including the Website as updated by the Company from time to time or in any other way.

The Investor and the Company shall each hereinafter be referred to as the “Party” and collectively as the “Parties”.

## Acceptance of Terms

By accepting the Private Token Offer Agreement or the Public Token Offer Agreement, these Terms and other documents made available via the Website, participating in the Token Offer and/or holding and/or

using Tokens and/or the Platform at any moment in time, the Investor confirms that he has read, understood, agreed and accepts to be bound by these Terms, which shall immediately be effective and binding on and between the Parties. Should the Investor not agree to the Terms, the Investor shall not be authorised to acquire or use the Tokens and the Platform.

The Investor understands and agrees that the Terms can be changed for any other reason by the Company (as noted elsewhere in these Terms) and it is up to the Investor to ensure that he is aware of the latest terms as available on the Website or via any other means.

The Investor hereby represents and warrants that, to the extent permitted by law, he is authorised to participate in the Token Offer, to acquire, to hold and/or use Tokens in his country, that he is of a legal age to be bound by these Terms and that he has all necessary power and authority to enter into the Terms.

The Investor hereby further represents and warrants that he understands the usage and intricacies of cryptographic tokens, smart contract functionality, token storage mechanisms (including wallets) and has sufficient understanding of technical, financial and business matters, and he appreciates and assumes the risks and implications of holding and using similar tokens.

## Risk Factors

Participation in the Token Offer and/or the acquisition and/or use of Tokens as well as the use of the Platform at any moment in time, carries with it a number of risks. The Investor should carefully weigh all the risks and possible costs, including the non-exhaustive list of risks described in the Terms.

The following is a non-exhaustive disclosure of principal risk factors which are considered to be material by the Company in connection with the Token Offer, and the acquisition, holding and/or use of Tokens as well as the use of the Platform. Investors should consider these risk factors alongside all other information provided in the Terms and are advised to consult with their own professional advisers (including their financial, accounting, legal, tax, technical or other advisers and experts) before deciding to acquire the Token. In addition, Investors should be aware that the risks described herein may combine and thus intensify one another.

The Company believes that the following risk factors may even affect its own business, as well as the external valuation of Tokens (which external valuation is beyond the scope and purpose of the reason behind the Platform and the Company's business). Most of these risk factors are contingencies which may or may not occur and the Company is not in a position to predict the likelihood of such contingency occurring.

The Investor hereby understands and agrees that Tokens are merely pre-payment tokens linked to the use of the Platform and the Project as explained in the Documents. As noted elsewhere in the Terms, Tokens are not being structured or sold as a digital currency, commodity, security, financial instrument or any other form of investment in any jurisdiction. Accordingly, none of the information presented in the Documents is intended to form the basis for any investment decision, and no specific recommendations are intended.

By participating in the Token Offer, acquiring, holding and/or using Token, the Investor expressly acknowledges and assumes the following risks:

### *General suitability of Token acquisition*

The acquisition of Tokens from the Company is only suitable for financially sophisticated persons who are capable of evaluating the merits and risks of such an acquisition, or other persons who have been professionally advised with regard to Token acquisition and who have sufficient financial resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount spent in

connection with the token acquisition). Such an acquisition should not be seen as an investment or a financial asset.

*Risk of losing access to Tokens due to loss of private key/s, custodial error or Investor error*

A Wallet is necessary to acquire, hold and dispose of Tokens. The Investor hereby understands that he is responsible for setting up the Wallet with a third-party provider to hold the Tokens and he is responsible for implementing reasonable measures for securing the Wallet. Accordingly, loss of requisite private key/s associated with the Wallet holding then Tokens will result in the loss of such Tokens and any other cryptocurrencies and/or tokens held within. Moreover, any third party that gains access to such private key/s, including by gaining access to login credentials of the Wallet that the Investor uses, may be able to misappropriate the Investor's Tokens. Any errors or malfunctions caused by or otherwise related to the Wallet that the Investor chooses to receive and hold the Tokens including the Investor's own failure to properly maintain or use such Wallet or caused as a result of the choice of third party provider for the Wallet, may also result in the loss of the Tokens. Additionally, the Investor's failure to follow precisely the procedures set forth in the Terms for acquiring and receiving the Tokens, including but not limited to, the provision of the wrong Wallet address for receiving the Tokens may also result in the loss of his Tokens.

*Risk of mining attacks*

As with other decentralized cryptographic tokens based on decentralized protocols, Tokens in general are susceptible to attacks by miners in the course of validating Token transactions, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Platform and/or Tokens, including but not limited to, accurate execution and recording of transactions involving Tokens.

*Risk of hacking and security weakness*

Hackers or other groups or organisations may attempt to interfere with the Tokens in a number of ways, including, but not limited to denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks, and any such similar events which could have an impact on the Tokens, and the Platform.

*Risk of security, weakness in the smart contract, Website and Token source code or any associated software and/or infrastructure*

There is a risk that the smart contract (if any), Website, the Platform and the Tokens may unintentionally include weaknesses or bugs in the source code interfering with the use of or causing the loss of the Tokens; the source code of the Website is open and could be updated, amended, altered or modified from time to time. The Company is unable to foresee or guarantee the precise result of an update, amendment, alteration or modification. As a result, any update, amendment, alteration or modification could lead to an unexpected or unintended outcome that adversely affects the Tokens and/or the Website. As a result, Tokens may be lost.

*Risk of no listing or low/no liquidity*

Tokens are intended to be used solely on the Platform and the Company will not (except as otherwise indicated in the Documents) support or otherwise facilitate any secondary trading on an exchange or the secondary market or the external valuation of Tokens, which are all beyond the scope and purpose of the Platform. This restricts the contemplated intended use of Tokens only to the Platform and could therefore create illiquidity risk with respect to the Tokens that the Investor owns. Even though there are currently online services available which enable exchange of cryptographic tokens with other such tokens or even enable the exchange of cryptographic tokens for fiat money, there are no warranties and/or guarantees that Tokens will be made available for exchange with other cryptographic tokens and/or fiat money, and no



guarantees are given whatsoever with regard to the capacity and/or volume of such exchange/s. It shall be explicitly cautioned that such exchange, if any, might be subject to poorly-understood regulatory oversight, and the Company does not give any warranties in regard to any exchange services providers. Users including the Investor, if applicable, might be exposed to fraud and failure affecting those exchanges. In any case, and except as otherwise indicated in the Documents, it is not the Company's aim to enable exchange of Tokens for other cryptographic tokens or for fiat currency and it shall therefore not commit to any endeavours to list Tokens on such exchanges or any secondary markets.

#### *Risks of an eventual unfavourable fluctuation Token value*

The Platform is intended to be financially self-sufficient and the Company commits to having no specific interest in the market value of Tokens. Nevertheless, if the value of BNB and/or the Tokens fluctuates, the Company may not be able to fund development to the extent necessary, or may not be able to develop or maintain the Platform in the manner that it intended. In addition to the usual market forces, there are several potential events which could exacerbate the risk of unfavourable fluctuation in the value of BNB or Tokens including another DAO-like attack on the Ethereum network, or significant security incidents or market irregularities at one or more of the major cryptocurrency exchanges.

#### *Risk of Malfunction in the Binance network or any other blockchain and of competing platforms*

It is possible that Tokens interact with malfunctions in an unfavourable way, including but not limited to one that results in the loss of the Tokens or prevent their use on the Platform. It is possible that alternative platforms could be established that utilise the same open source code and protocol underlying the Platform and attempt to facilitate services that are materially similar to the Platform. The Platform may compete with these alternatives, which could negatively impact the Platform, including the utility of Tokens for use of the Platform.

#### *Risk of uninsured losses*

Unlike bank accounts or accounts at some other financial institution, Tokens are uninsured unless the Investor specifically obtains private insurance to insure them. Thus, in the event of loss of Tokens or loss of Tokens' value, there is no public insurer, such as the Investor Compensation Scheme or private insurance arranged by the Company to offer recourse to the Investor.

#### *Risk associated with uncertain regulations and enforcement actions*

The regulatory status of tokens in general, Initial Token or Coin Offerings, token offers and distributed ledger technology is unclear or unsettled in many jurisdictions outside of Malta. It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its applications, including the Platform and the Token. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement regulatory actions or changes to law and regulation affecting distributed ledger technology and its applications, including the Platform and the Tokens. Regulatory actions or changes to law and regulation could negatively impact the Token and the Platform in various ways, including, but not limited to, a determination that the acquisition, holding and use or disposal and transfer of the Tokens constitutes a regulated instrument that requires registration or licensing of those instruments or some or all of the parties involved in the acquisition, contribution, sale and delivery thereof. The Company may cease operations or interrupt the Token Offer 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 or no longer viable to obtain the necessary regulatory approval/s to operate in such jurisdiction or to provide the Platform.

The Investor understands and accepts the inherent risks associated under Part VII of the Act, whereby the authorities are given broad regulatory and investigatory powers including but not limited to the power to

make regulations, the power to delegate, the power to require information, the appointment of inspectors, the power to issue directives, the power to protect the public interest, the right of entry, and the power to impose administrative fines and penalties. The Investor understands and accepts that these risks can have severe adverse effects on the Company. The Investor understands and accepts, subject to article 10 of the aforementioned Act, that he has no right to recourse as a result of any loss due to circumstances under this clause.

#### *Risk arising from taxation*

The tax characterization of the Token is uncertain. The Investor must seek his own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to him, including withholding taxes, income taxes and tax reporting requirements.

#### *Risk of insufficient interest in Token and the Platform*

It is possible that Token and the Platform will no longer be used by a large number of individuals, companies and other entities or that there will be limited interest in the use of Token and the Platform. Such a lack of use or interest could negatively impact the development of the Platform and therefore the potential utility of Token.

#### *Internet transmission risks*

There are risks associated with using Token including, but not limited to, the failure of hardware, software, and Internet connections, or other technologies on which the Platform or the use of Token relies. Such failures may result in disruptions in communication, errors, distortions or delays when using Token and the Platform or the Website.

#### *Risk of dissolution of the Company*

It is possible that due to a number of reasons, including but not limited to, a decrease in the Token's utility, the failure of commercial relationships, or intellectual property ownership challenges, unfavourable market conditions and added compliance and regulatory obligations, the use of the Platform may no longer be viable or the Company may need to cease trading and be dissolved and liquidated.

#### *Risk arising from lack of governance rights*

Since Tokens do not represent or confer any ownership right or stake, share or security or equivalent rights, intellectual property rights or any other form of participation relating to the Company, all decisions involving the Company will be made by Company at its sole discretion, including, but not limited to, decisions to create or transfer more Tokens for use, to sell or liquidate the Company. These decisions could adversely affect the utility of Tokens that the Investor holds.

#### *Regulatory Risks and Market Risks*

The Company and the Platform, are subject to a variety of domestic and/or EU and international laws, regulation and directives, including those with respect to privacy and data protection, consumer protection, data security, and others. These laws, regulations and directives, and the interpretation or application of these laws, regulations and directives, could change from time to time. In addition, new laws, regulations or directives affecting the Company, the Platform and Token could be enacted, which could impact the utility of the Token and its use on the Platform. Additionally, the Investors are subject to industry-specific laws and regulations or licensing requirements. If any of the Parties fails to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise amended, this could adversely impact the Token and the Platform, including the Token's utility on the Platform. The Investor hereby accepts the risk that in some countries the Token might be considered, now or in the future, a security token. In this case the

Company gives no representations, warranties or guarantees that the Tokens are not considered to be Security Tokens in all countries. The Investor hereby accepts to be solely responsible of the legal, financial and any other risks connected to Token as a security in his country and to be responsible to check whether the holding, use and the disposal of the Token is legal in his country.

Also, changes in laws, regulations and directives governing the Company's operations may adversely affect the Company's business and consequently the Platform. Any change in the Company's tax status, or in taxation legislation in Malta or elsewhere, could affect the value of its financial holdings, its business and the Company's ability to achieve its business objective and continual commitment to the development of the Platform.

#### *Other inherent risks*

The Investor understands and accepts the inherent risks associated with Tokens, to the extent not covered elsewhere in the Terms, including, but not limited to, risks associated with (a) money laundering; (b) fraud; (c) exploitation for illegal purposes; and (d) any other unanticipated risks.

#### *Unanticipated risks*

Cryptographic tokens such as the Tokens as well as blockchain are a new and untested technology. In addition to the risks indicated in the Documents there are other risks associated with the Investor's acquisition, holding and use of Tokens, including some that the Company cannot or may not anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed in the Documents.

The Investor hereby represents and warrants that he will take sole responsibility for any restrictions and risks associated with the holding or use of the Token. If any of the risks, mentioned in the Terms are unacceptable or the Investor is not in a position to understand, the Investor should not acquire, hold or use the Token.

### Purpose and use of the Token

The Investor can utilise the Token solely on the Platform.

As already stated in the Terms, the intention is that the Tokens are not to be transferred to third parties. However should the Investor transfer any Tokens to other parties in any manner and under any title, the Investor shall be responsible to ensure that such transfer is in compliance with the applicable rules and regulations, and the Company shall not be held liable for any loss or damages that may occur.

The Investor understands and accepts that the acquisition of Tokens is final and non-refundable and is limited to its use on the Platform. The Investor acknowledges that he has no right to request a refund for any reason.

### Use of Platform

Membership, benefits and the use of the Platform are regulated by a separate set of Terms and Conditions that are available on the <https://elrond.com/>.

## Privacy and Confidentiality

In line with its Privacy Policy, the Company values Investors' privacy by not requesting any information that is unnecessary for the acquisition, the holding and/or use of Tokens and/or for the use of the Platform or to abide with obligations under applicable law. The Company commits itself to do its utmost to ensure that its directors, officers, members, employees, agents, attorneys, representatives, affiliates and associates shall not disclose to any person, any non-public proprietary, documents or confidential information which may have been obtained as a result of the relationship between the Parties under the Terms except to the extent necessary further to any law, regulations, rules or agreements.

Nevertheless, the Company shall be entitled, at any time, to request from the Investor information and/or documentation that the Company, in its sole discretion, deems fit and necessary in order to comply with any applicable law or regulation in connection with the acquisition, holding and use of Tokens and the use of the Platform. The Investor agrees to provide the Company with such information promptly upon request, and he acknowledges that the Company may not allocate the Tokens, and/or provide access to the Platform until the Investor provides such requested information and the Company has determined that it is permissible under applicable law or regulation. The Company reserves the right to require further due diligence documentation in compliance with any new or amended regulation which may come into force in the future.

Furthermore, the duty of confidentiality does not extend to communications in furtherance of an illegal purpose nor to documents or facts showing the commissions of a crime or fraud. Moreover, the Company is subject to the duty (without the need to inform the Investor) to notify the authorities if the Company suspects that any property or money represents proceeds of corruption, drug trafficking or other crime. Moreover, the Investor acknowledges that the Company is not bound by confidentiality obligations when the disclosure is necessary in the Company's opinion to protect its own interest.

## Anti-Money Laundering

The Company is a subject person in terms of the Anti-Money Laundering Regulations, and by virtue of the Act, and reserves the right to question the Investor and to request documentation necessary for Know Your Client purposes as well as for the purpose of proving the source of funds utilised to acquire the Tokens prior to providing access to the Platform. The Company also reserves the right, at its sole discretion, to terminate an Investor's use of Tokens on the Platform and any other requested related or unrelated services or any portion thereof at any time, without notice, in particular due to legal grounds originating in Anti-Money Laundering and Know Your Client regulation and procedures.

## Taxation of Tokens

Further to the risks in relation to taxation as outlined in the Terms, the Investor bears the sole responsibility to determine and comply with any actual or potential tax liability, if any, resulting from the acquisition of, the holding, use or disposal of the Tokens. The Company is not in any way and under no condition bound to compensate for the Investor's tax obligations or give any advice related to tax issues, including but not limited to what kind of filing or reporting needs to be done with the competent tax authority, which taxes

and to which extent the Investor is obliged to pay, which tax exemptions the Investor is eligible to, or any other similar verifications and/or obligations.

### Limitation of Liability and Indemnity

The Investor hereby understands and agrees, that entering into the Terms, acquiring, holding, receiving and using the Tokens for any other reasons except for use on the Platform may carry serious risks (as listed in the Terms) and losses and these risks and losses are irretrievably and fully accepted by the Investor.

The Company shall not be liable for any of the following losses, including but not limited to increased or additional costs, loss of profits, loss of revenue or income, trading losses, loss of opportunity, loss of bargain, loss of time, loss of data or consequential, incidental, special, indirect losses as may be incurred or suffered by the Investor for any reason including but not limited to as a consequence of the the non-exhaustive list of risks described in the Terms (even if such damages or losses are foreseeable or even if the Company has been advised of the possibility of such damages or losses).

The Investor further acknowledges and agrees that in no event shall the Company be liable for any damages, losses, diminution in value, charges, liabilities, claims (including claims of negligence, tort or quasi-tort or other breach), demands, actions, suits, proceedings, payments, judgments, settlements, awards, assessments, deficiencies, interest, penalties and costs and expenses (including reasonable attorneys' and consultants' fees and expenses) imposed on, sustained, incurred or suffered by, or asserted against the Company, directly or indirectly relating to or arising out of the Investor's participation in the Token Offer, or any acquisition, holding or use of Tokens at any moment in time, or use of the Platform, including but not limited to any breach by the Investor of these Terms or violation of any law, rule, or rights of a third party. The Investor agrees to indemnify the Company for any legal fees or other costs that are incurred by the Company or any other indemnified parties as a result of the Investor's actions.

Furthermore, the Company shall not be responsible for any losses or damages arising in connection with:

- (a) force majeure events, including acts of God, earthquakes, storms, or other nature events, blockages, embargoes, riots, acts or orders of government, acts of terrorism or war;
- (b) any labour disputes or other industrial disturbances, electrical, telecommunications, hardware, software or smart contract bugs or weaknesses, technological changes, changes in interest rates or other financial or monetary conditions;
- (c) reliance on any information contained in the Documents, any error, omission or inaccuracy in any such information or any action resulting from such information.

For the purpose of this limitation of liability clause the “*Company*” shall be deemed to include any directors, officers, members, employees, agents, attorneys, representatives, affiliates and associates.

The limitation of liability will be subject to article 10 of the Act.

### Termination

The Company may terminate or suspend the Investor's access to the Platform without prior notice or liability for any reason whatsoever, including but not limited to, cases where the Investor breaches the Terms. Nothing in these Terms or in any other communication or action by the Company or its directors,

officers, members, employees, agents, attorneys, representatives, affiliates and associates should be construed as a waiver of any legal remedies available for any event causing termination.

All provisions of the Terms which by their nature should survive termination, shall survive termination, including but not limited to, limitations of obligations or liability and indemnity.

### Prohibited Investors & other limitations

Tokens are not available to (i) any Prohibited Investors, as defined in the Terms, who are prohibited from acquiring, holding and using Token or any cryptocurrencies and/or tokens generally or (ii) to Investors in countries where any special or particular prior or subsequent approval, notification, registration or licence is needed without first obtaining such approval, notification, registration or licence and consequently would be excluded from being a party to the Terms, whether directly or indirectly.

These Terms shall only apply, and the Token shall only be useable, in such countries where the use of the Token as described in the Documents is not prohibited by law or regulation.

Any potential Investor considering participating in acquiring, holding or using the Token and the Token Platform is required to obtain information on whether he is a Prohibited Investor and, if applicable, to inform himself about, and to observe, any restrictions imposed by any jurisdiction other than the laws of Malta.

### Assignability and Transferability

The Company may at its own discretion, assign, transfer, license, subcontract or otherwise transfer or alienate in any other manner all or any part of its rights, benefits or obligations with regard to the Token and the Platform under the Terms to any person without restriction.

### Changes to the Terms

The Company may, in its sole discretion and for any reason, revise or make changes to the Terms from time to time and without prior notice by posting the revised version of the Terms on the Website and, if a revision to the Terms is material, the Company will make a notice of such on the Website or otherwise notify the Investor of the new Terms. The revised Terms will take effect immediately upon publication by the Company and revised terms will not apply retroactively. If the Investor does not agree to the modified terms, he should discontinue the holding and use of Token and the Platform.

### Severability

If any term, clause or provision of the Terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from the 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 the Terms.

### Entire Agreement

The Terms (and Documents if applicable) constitute the entire agreement between the parties and supersede and extinguish all previous drafts, agreements, arrangements and understandings between them, whether written or oral, relating to this subject matter.

### Governing Law and Dispute Resolution

By accepting the Terms, the Investor hereby agrees that the legal relationship between the Company and the Investor and the questions concerning the construction, validity, enforcement and interpretation of the Terms shall be governed by and construed in accordance with the law of Malta.

Any dispute, controversy or claim arising out of or relating to or concerning these Terms, or the breach, or invalidity thereof, shall be settled by arbitration in accordance with the provisions of Malta Arbitration Act, Chapter 387 of the Laws of Malta and shall be regulated by the Arbitration Rules, in force from time to time, promulgated under the authority of the said Act. The Investor waives any right it may have to object to any action being brought in the forum, to claim that the action has been brought in an inappropriate forum, or to claim that the forum does not have jurisdiction.

### Contact Details

If you have questions regarding the Tokens or the Platform, you may contact the Company via telephone +35627782024 or via email [contact@elrond.com](mailto:contact@elrond.com)