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Attorney-Client Confidential Communication

Attorney Work Product

October 20, 2017

Scorum Limited

Attention: Christophe Thierry Joseph, Director

Via Email at corporate@scorum.com

Re: Analysis of Scorum Tokens Under the Howey Test

Ladies and Gentlemen:

We reviewed the White Paper and The Terms of Token Crowdsale enclosed as Exhibit A (collectively, the “Token Sale Documents”). The Token Sale Documents discuss certain characteristics of the Scorum Coins (“SCR”) and the Scorum Power (“SP”) (collectively referred to as the “Tokens”) and their role in the internal economics of the proposed Scorum (“Platform”) for a decentralized sports media platform with its own internal economy.

This memorandum contains our analysis as to whether the SCR and SP, with certain features described in the Token Sale Documents, would be considered a “security” for purposes of Section 2(a)(1) of the Securities Act of 1933 (“Securities Act”) and Section 3(a)(10) of the Securities Exchange Act of 1934 (“Exchange Act”).

Our Understanding of the Platform

The Platform can be generally described as a decentralized sports media platform, which aims to encompass all aspects of sports media (i.e., betting, advertising, media coverage, statistics, etc.). The Platform is designed in a manner to be self-perpetuating, and the tokens are the primary way to interact on the Platform. To clarify, non-token holders may still access the website and its content, but they may not participate in the Scorum ecosystem.

There are two tokens: SCR and SP. SCR is designed to operate as an internal currency to carry out transactions (i.e., purchase advertising, make bets, purchase discounted partner products). SP is held and used in relation to internal governance of the Platform (i.e., voting). When an SP holder uses their SP to vote, the SP holder’s voting power proportionately and temporarily decreases. Thus, this tracks an SP holder’s activity and rewards them in the active participation of governance.

Moreover, the initial crowdsale will explicitly relate to the sale of SCR. SP is gained through a referral program, titled the Bonus Bounty Pool, and is not an item that may be gained through purchases. Instead, SP may only be earned through activity, whether it be via promoting the Platform or through active participation within the Platform. Additionally, the value of SP:SCR is

1:1, and SP may be converted to SCR after a 12 month hold on the receipt of SP. However, rewards are paid on the basis of activity will be paid with SP.

Lastly, the Platform uses DPoS (Delegated Proof-of-Stake) consensus algorithm, which uses delegates for consensus. To qualify as a delegate, a user needs to become one of the top 20 most popular candidates via user votes, or they must hold a sufficient number of SP.

Once the Platform is fully developed, it will tokenize the sports media industry and place power in the hands of the users. Token holders may utilize the platform as a source of media, or they may take a more active role and participate in various avenues of the Platform (e.g., governance via SP or betting).

Howey Analysis

The broad definition of “security” is contained in Section 2(a)(1) of the Securities Act: “any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement... **investment contract** ... or, in general, any interest or instrument commonly known as a ‘security’, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing”.¹

Based on that definition and our reading of relevant case law, as well as on our understanding of the facts and our review of the materials you provided on the structure of the Tokens, we conclude that the Tokens would not be deemed to meet the definition of security and, accordingly, that the federal securities laws do not apply to the initial distribution and subsequent trading of such Tokens in the United States.² Subsequent trading of SCR in the United States includes secondary sales by non-US residents via crypto exchanges to US residents, where such sales/tokens are not registered with the SEC and do not rely on a valid exemption from registration.

The applicable Supreme Court case for determining whether an instrument meets the definition of security is SEC v. Howey, 328 U.S. 293 (1946). The Supreme Court has reaffirmed the Howey analysis (“Howey Test”) as recently as 2004 in SEC v. Edwards, 540 U.S. 398 (2004). Moreover, the SEC confirmed the applicability of the Howey Test to token sales and ICOs in the Report of Investigation, dated July 25, 2017, related to DAO Tokens. Thus, the applicable standard for analysis remains the Howey Test.

Howey focuses specifically on the term “investment contract” within the definition of security,

¹ US Supreme Court stated that the definitions of “security” under the Securities Act and the Exchange Act are treated as being the same, despite some technical differences. SEC v. Edwards, 540 U.S. 398 (2004) (*citing* Reves v. Ernst & Young, 494 U.S. 56, 61 n.1 (1990)).

² Our analysis is based on our discussions with you, the materials you provided and the law as it exists as of the date hereof. We have not considered any state or non-US law analysis, including that of federal preemption related to state blue sky laws, and this outline relates solely to the definition of security under the federal securities laws. We do not express any view on any other body of law or legal construct, including without limitation the franchise laws of any state. As of this date, to our knowledge there are no court cases, no SEC rules, and only a few SEC releases that directly address the question discussed in this memorandum as to whether certain blockchain tokens should be characterized as securities for purposes of Section 2(a)(1) of the Securities Act. As such, the SEC or a court could reach an alternative conclusion different from the one provided in this memorandum.

noting that it has been used to classify those instruments that are of a “more variable character” that may be considered a form of “contract, transaction, or scheme whereby an investor lays out money in a way intended to secure income or profit from its employment.” Howey, 328 U.S. at 298; Golden v. Garafolo, 678 F.2d 1139, 1144 (2d. Cir. 1982) (stating “investment contract” has been used to classify instruments that do not fit other categories); *see also* Black’s Law Dictionary (10th ed. 2014).

Moreover, Blockchain tokens, such as the Tokens, seem most likely to be analyzed as an investment contract. Some of the investment interests listed above are more properly characterized as traditional types of securities, so their combination with a non-security blockchain token increases the likelihood a blockchain token will be deemed a security under US laws.

The Supreme Court in Howey developed a four-part test to determine whether an agreement constitutes an investment contract and therefore a security. Pursuant thereto, a contract constitutes an investment contract, considered a security, if there is: (i) an investment of money; (ii) in a common enterprise; (iii) with an expectation of profits; (iv) solely from the efforts of others (e.g., a promoter or third party), “regardless of whether the shares in the enterprise are evidenced by formal certificates or by nominal interest in the physical assets used by the enterprise.” Howey, 328 U.S. at 298-99. ***To be considered a security, all four factors must be met.*** *See* Edwards, 540 U.S. at 390.

We provide our analysis of the Tokens below, based on each Howey factor:

1. Investment of Money. Under Howey, and case law following it, an investment of money may include not only the provision of capital, assets, and cash, but also goods, services, or a promissory note. *See, e.g.,* Int’l Bhd. Of Teamsters v. Daniel, 439 U.S. 551, 560 n.12 (1979); Hector v. Wiens, 533 F.2d 429, 432-33 (9th Cir. 1976); Sandusky Land, Ltd. V. Uniplan Groups, Inc., 400 F. Supp. 440, 445 (N.D. Ohio 1975).

The courts and the SEC have repeatedly stated that the term “money” includes not only fiat currency but any commonly accepted indication of value. Specifically, in its Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO, No. 81207, dated July 25, 2017, the SEC reconfirmed that ETH and other cryptocurrencies are equivalent to fiat currency for the purposes of Howey test, since both represent a “contribution of value”. The same principle was previously upheld by US courts in SEC v. Shavers, No. 4:13-CV-416, 2014 WL 4652121, at *1 (E.D. Tex. Sept. 18, 2014) (holding that an investment of Bitcoin, a virtual currency, meets the first prong of Howey).

Since purchasers of the Tokens are going to pay for them with cryptocurrency, there is no doubt that there will be an investment of money in exchange for SCR. Thus, the first prong of Howey Test is satisfied.

2. Common Enterprise. Different judicial circuits in the US use different tests to analyze whether a common enterprise exists. Three approaches predominate: (i) Horizontal Commonality; (ii) Narrow Vertical Commonality; and (iii) Broad Vertical Commonality. Please see below a definition of each test and its application to BTM.

(a) *Horizontal Commonality*. Under the Horizontal approach, a common enterprise is deemed to exist where multiple investors pool funds into an investment and the profits of each investor correlate with those of the other investors. See e.g., Curran v. Merrill Lynch, 622 F.2d 216 (6th Cir. 1980). In other words, there is a proportional distribution of profits according to percentage ownership of the investor pool. Whether funds are pooled appears to be the key question, and in cases where there is no sharing of profits or pooling of funds, a common enterprise may not be deemed to exist. See, e.g., Hirk v. Agri-Research Council, Inc., 561 F.2d 96, 101 (finding discretionary future trading account was not investment contract because there was no pooling of funds); Wals v. Fox Hills Dev. Corp., 24 F.3d 1016 (7th Cir. 1994) (promoter of condominium timeshare did not pool profits and thus no common enterprise existed).

Here, there is a pooling of token purchasers' funds together because of the initial Token crowdsale. However, it may be the case that the profits of each investor correlates to the profits of other investors.

First, the proceeds of the Token crowdsale were pooled together by the company to finance development, deployment, and maintenance of the Platform. Second, it can be argued that there is no correlation among the profits of each investor, because the purpose of holding SCR tokens specifically is to access the Platform and not make a profit. Any profit to be made will be through independent action (i.e., betting, selling ad space), and these sorts of profits do not correlate to that of the other investors.

However, it is explicit in the White Paper that SCR may be traded in the open market, which opens the door for investors to resell SCR tokens at an appreciated value. Thus, in this sense, profits of the investors would correlate to one another based on the appreciated value of the Tokens. However, the Platform is designed in a manner that would fail if SCR tokens are simply held with the intention of reselling at an appreciated value. To clarify, the Platform is an interactive media-driven platform. SCR tokens are held and used to interact on the Platform. No other tokens or currency may be used therefore, and non-use of the Platform will drive down the market price of the Tokens. Thus, if the general public's primary objective is to hold an SCR token for investment (I focus on SCR tokens, because SP may not be traded on the secondary market), then the entire Platform will lose value due to non-use. This will render the Tokens worthless. Thus, any primary intent in holding the Tokens solely for investment purposes makes no sense.

Alternatively, the intent behind trading on a public exchange is to gain and/or give up access to the community. For example, John wants to dabble in sports betting, and he wants to do it through the SCR platform. Thus, John purchase SCR tokens and places a rather large bet. Subsequently, John wants to cash out the majority of his earnings and decides to sell 75% of his earnings on the secondary market.

In summation, this first prong of the Howey Test, under a Horizontal Approach, is *likely* not satisfied, because there is no proportional share in profits. However, the key factor under this first prong is the pooling of money, which does exist. Thus, this factor may be decided in a number of ways depending on the court with witch any claim sits.

(b) *Narrow Vertical Commonality*. The Narrow Vertical approach looks to whether the profits of an investor are tied to a promoter. See SEC v. Eurobond Exchange Ltd., 13 F.3d 1334 (9th Cir. 1994) (imposition of profit limitations on investors through requiring promoter to receive

excess return rate tied promoter's fortunes to investors).

There seems to be a direct tie between the Platform's profit or performance and Token holders' profits, because 50% of generated revenue returns to Scorum for further development. Accordingly, the first prong of the Howey Test, under the Narrow Vertical approach, is satisfied.

(c) *Broad Vertical Commonality.* The Broad Vertical Approach considers whether the success of the investor depends on the promoter's expertise. If there is such reliance, then a common enterprise will be deemed to exist. See e.g., *SEC v. Continental Commodities Corp.*, 497 F.2d 516 (5th Cir. 1974) (promoter's recommendations regarding certain futures contracts demonstrated investor reliance on promoter's expertise).

In this instance, the success of an investor is likely independent of the promoter's expertise, because an investor may generate profit through various economic transactions through its own expertise (e.g., selling ads, betting) and need not rely on the expertise of Scorum. For example, a Token holder may generate content, through their own sports media expertise, that is widely followed. This Token holder may monetize their content via ads and make a profit. Such profit would be solely from the Token holder's own expertise and not derived from the expertise of Scorum.

However, it can also be argued that the Token holders' expectation to derive value from their tokens is tied to Scorum's ability to execute its business plan. If the Scorum team does not execute its business plan, there will be no blockchain based platform to tokenize sports media and Token holders will not be able to derive any value from their Tokens. However, the Platform is decentralized, and the operations of the Platform (e.g., creating content, voting on operations) is relatively self-sustained. Whereas Scorum will undertake further development, the Platform operations occurs through the collective efforts of the SP holders (e.g., consensus). Thus, this is a weak argument.

In summation, the second prong of Howey test, under the Broad Vertical Approach, is likely not satisfied, because the success of the investor is not tied to the success of the promoter.

3. Expectation of Profits. Under this third prong of the Howey Test, profit refers to the type of return or income an investor seeks on their investment (rather than the profits that the system or issuer might earn).³ Thus, for purposes of Tokens, this could refer to any type of return or income earned by holding Tokens, which would be narrowed to the extent it is derived passively (e.g., from the efforts of others).

In summation, just because there is a return or profit, does not mean that the investment contract is a security. It is the passive nature of the return, as determined by the "efforts of others" analysis, that results in an "investment contract" and security as opposed to a simple contract instrument.

Since courts consider this factor through the lens of the "efforts of others" factor, we analyze this

³ More specifically, profits may include all manner of returns, such as dividends, other periodic payments or the increased value of the investment whether it is a variable or fixed return. *See e.g.*, *Edwards*, 540 U.S. at 390.

prong along with the fourth factor below.

4 Solely from the Efforts of Others. In the past, courts have been flexible with the word “solely,” such that, in addition to the literal meaning, it will also include significant or essential managerial or other efforts necessary to the success of the investment. *See e.g., SEC v. Glenn W. Turner Enters.*, 474 F.2d 476, 482-83 (9th Cir. 1973); *SEC v. Koscot Interplanetary, Inc.*, 497 F.2d 473 (5th Cir. 1974) (holding that where promoters retain immediate control over the essential managerial conduct of an enterprise, rather than remote control similar to a franchise arrangement, this element is met); *but see Hirsch v. Dupont*, 396 F. Supp. 1214, 1218-20 (S.D.N.Y. 1975), *aff’d*, 553 F.2d 750 (2d Cir. 1977) (indicating that solely should have literal application). Overall, the purpose of this fourth prong of the Howey Test is to determine whether generated profits require active involvement by the investor. If the answer is yes, then this fourth prong is likely not met.

As described above, the Tokens are the only way to interact on the Platform. Thus, to gain access to the platform, whether it be for content creation, betting, or marketing, a potential user must hold an SCR token.

In this instance, it is not clear that a Token holder expects to gain profit, but it is reasonable to assume that at least some Token holders plan to profit from their activities on the platform. Thus, it is easy to say that there may be an expectation of profits. However, it is highly unlikely that any expected profits are to be gained solely by virtue of holding the Tokens.

First, there are no rewards for Token holders that remain passive. If a Token holder does nothing with the token, then the Token holder will not receive any rewards. A Token holder may make their Tokens productive through betting, content creation and ad monetization, or position themselves to gain SP and partake in governance. However, Token holders do not receive any rewards that are akin to dividends.

It may be argued that the explicit and permissible trading on secondary exchanges affords Token holders the ability to purchase SCR tokens and trade them at an appreciated value on the secondary market. However, this premise is in direct competition with the design of the Platform. If the SCR tokens are held with the possibility of appreciation and the intent to profit from secondary trading, then the Tokens themselves will become useless. The value of the Tokens are directly tied to their utility within the Platform.

Second, Token holders may make great profits through the platform, but such profits would derive directly from their own expertise, whether they nest in marketing or risk aversion. For example, a Token holder may use their marketing expertise to create content and monetize ad space, or a professional gambler may wish to use this avenue to place commission free bets. All these profits would not derive from the efforts of Scorum, but solely from the efforts of the Token holders themselves.

Conclusion

Based on the above analysis, we believe that current iteration of the Token Sale Documents, describe a digital token that not likely to be deemed a security under applicable US laws. Whereas the first two prongs of the Howey Test (“investment of money in a common enterprise”)

may be met, the last two prongs (“expectation of profits solely from the efforts of others”) is likely not met.

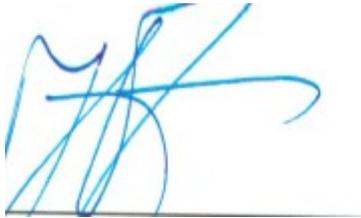
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No Guarantees: Client understands the risks inherent in the uncertain legal status of the blockchain and cryptocurrency industry in the United States. You understand that legal advice provided herein does not guarantee success nor does it guarantee immunity from Civil and/or Criminal prosecution due in part to the evolving nature of the blockchain and cryptocurrency industry in the US.

Client Advised to Consult with Attorney: Client is advised to consult with us often, as the legal landscape is changing and being updated, voted, or challenged often by various competing forces at this time. You are advised to act with caution and attention and to stay abreast of the issues involved with the blockchain and cryptocurrency industry.

Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Julian Zegelman', written over a horizontal line.

By: Julian Zegelman
Velton Zegelman PC

Exhibit A

White Paper and

The Terms of Token Crowdsale

Scorum

Blockchain Powered Sports Media

Context

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Introduction

In their [report](#), Nielsen notes that the sports media landscape is as fragmented as ever, with content being consumed from a wide variety of devices. While passionate fans are eager to engage with sports media from all angles, established media corporations are struggling to present their content in line with the rapid pace of technological advancement. In this respect, blockchain technology can take the sports media industry to a new level. We are excited to introduce an **innovative sports media platform with its own internal economy** based on free market principles – **Scorum**.

Scorum is a blockchain powered sports media that rewards its active users. Authors get rewarded for adding their publications, comments and photos while readers gain by casting their votes for quality content.

Scorum's economic model is based on principles that strive to ensure its cryptocurrency is supported with the real economy and the benefits are allocated fairly among all the system's participants.

The project team has already developed a working prototype of Scorum's statistical center, and our partners and industry experts made it possible for us to formulate an optimal product roadmap for the Scorum platform.

To finance further development of the platform and distribute tokens to future users, **Scorum** offers **Scorum Coins (SCR)** cryptocurrency to future users of the platform **during the Token Crowdsale**.

Fundamental Principles

Our Mission

Scorum provides sports fans with the freedom to shape their own information space and **get rewarded for expressing themselves on sports media**, a concept that stands in stark contrast with the way traditional media businesses operate.

Scorum is the first blockchain-powered sports media platform. We aim to firmly establish ourselves in this niche and ensure stable development of our platform. We estimate the potential global audience size for the Scorum platform to be **1 billion users** aged 18 to 40.

To maximize audience engagement, maintain high content quality and establish an active sports enthusiast community, **Scorum** offers the following benefits:

1. A fair internal economic model based on blockchain technology.
2. Built-in instruments for authors (interactive visualization tools, photo database, advanced sports analytics).
3. Fully featured statistical centers for various sports.
4. Commission-free betting exchange.
5. In-house sports experts who ensure high quality of the sports analytics data.

Given the platform's unique value proposition, **Scorum** believes it has what it takes to become a cutting-edge media source at the heart of which lies **passion for sports**.

Social Responsibility

Scorum is a socially responsible company. This commitment is reflected throughout all facets of its existence, from corporate culture to building ethical and long-lasting strategic partnerships.

When it comes to giving back, Scorum's most significant initiative is the creation of **its own charity initiative** dedicated to supporting various non-profit and volunteer organizations.

1% of Scorum's advertising revenue goes to the charity initiative. The decision on the pool's beneficiaries will be made by platform [delegates](#) holding an open vote. At the same time, we leave delegates with the right to vote in favor of transferring the pool's earnings into the [SCR Activity Reward Pool](#) for further allocation among Scorum users.

Aside from financial support for the charity initiative, Scorum is also committed to provide **technological and information support** for projects aimed at advancing the sports media industry. As such, we have [started](#) a non-profit partnership with **Wikipedia** which allows its users to access sports match analytics data from Scorum right on Wikipedia pages.

Functionality Overview

Functionality-wise, **Scorum** is a **new-generation sports media source** that features a blogging platform, integrated sports analytics services and a commission-free sports betting exchange.

We've already developed the beta version of Scorum's **statistics center**; upon which we will base the functionality of other services within the platform, including the betting exchange and data visualization tools for bloggers.

At the moment, we are also developing special analytics tools for authors using the BI-based services already integrated into the statistics center.

Thanks to our decision to start product development with Scorum's statistics center, we have already received positive feedback about our platform from both sports enthusiasts and professionals.

In other words, our team at Scorum is well on its way to transforming these beta features into a fully functional platform. As we develop Scorum, we will continue focusing on the needs of the sports community as a whole as well as its specific segments.

Reward System

By using Blockchain technology as the platform's foundation, we were able to create a transparent and reliable reward system for Scorum authors and active platform members.

To implement this functionality, we issue Scorum Coins (SCR) cryptocurrency and Scorum Power (SP) tokens.

Built-in Instruments for Authors

The **Scorum** blogging platform makes it easy for content creators to design engaging and visually appealing content, which in turn allows authors to focus their effort on writing quality publications about sports.

Aside from the simple yet feature-rich editing tools, we have developed **custom solutions for sports writers**:

1. Widgets displaying statistics center data which can be incorporated into publications with just a few clicks.
2. Built-in photo database where authors can use platform currency to get quality images.

-
3. Sports analytics tools which allow content creators to quickly create interactive data visuals.

We are developing **Scorum**'s features with the focus on sports media audience interests which allows us to preserve the platform's ease of use while maintaining its high level of functionality.

Statistics Center

The statistics center provides users with information about various kinds of sports as well as match results, statistical data, player and team profiles, and live match broadcasts. Users will also be able to purchase sporting goods and services like event tickets from our partners.

For authors the statistics center offers a **new generation of sports analytics tools** that enable content writers to create interactive visuals with the help of the center's built-in BI services. **AI-based services** such as forecasting system, sports texts analysis, sports chat bots and more will also be available within the statistics center.

Within Scorum's partner programs we have already integrated Microsoft's Power BI and are planning to add similar services from Google and IBM in the future.

Commission-free Betting Exchange

Scorum's commission-free sports betting exchange is fully capable of potentially replacing traditional betting platforms. Within Scorum, users can quickly and easily **bet against each other without having to pay any commission or extra fees**.

It's worth noting that the betting exchange **is not a source of income** for the Scorum platform and acts solely as a marketing tool that stimulates growth of the Scorum Coins cryptocurrency. Furthermore, Scorum provides the betting exchange for entertainment value only as a game of skill for its users. The betting exchange shall not be accessible in

jurisdictions where it may be prohibited or require further licensing under such jurisdiction's online gambling laws. Based on data cited by the [BBC](#), the potential market volume for the cryptocurrency sports betting market exceeds 1 trillion USD.

Due to the uncertain state of regulation on a global scale in the field of virtual token betting, we cannot guarantee the legality of Scorum betting exchange platform or ability to structure and license our future betting exchange platform in any given jurisdiction. However, we strive to be a responsive and compliant company should we face any regulatory inquiry.

Basics of Scorum Economic Model

Scorum's economic model is based on the following principles:

1. Cryptocurrency needs to be supported by the real economy.
2. All the active participants must benefit.
3. Income distribution should be objective and fair and controlled by the user community.

At the moment, there are three planned stable revenue sources:

1. **Internal pay-per-click advertising.** Content authors will be able to use it to promote the content they create.
2. **Partner programs.** Within the platform, users will be able to buy various sports products from our partners:
 - Live broadcasts of sporting events.
 - Event tickets.
 - Sports merchandise.
 - Other sporting goods.

These sporting goods and services will be sold at a discount when purchased with Scorum Coins instead of other currencies.

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3. **Photo database.** Authors will be able to use photos for their publications from the large built-in photo database. 10% of the photo's value goes to Scorum.

To learn more about income distribution at Scorum, please read the “[SCR Distribution from Scorum Revenue](#)” section.

The mathematical payout allocation and distribution model is available on [Google Sheets](#).

Scorum Tokens

To ensure proper functioning of the Scorum economy, we are issuing the Scorum Coins (SCR) cryptocurrency and the Scorum Power (SP) internal token.

Scorum Coins (SCR) are planned to operate on the Scorum platform. It can also be transferred to other users. These are the tokens that will be available for purchase during the Token Crowdsale.

Scorum Power (SP) is an internal token that needed to enable technical interactions between the system's users. SP value is directly proportional at 1:1 ratio to SCR.

Using SCR

SCR may be used within the Scorum platform in the following ways:

1. SCR owners can purchase partner products and services using SCR (see the “[Basics of Scorum Economic Model](#)” section).
2. SCR can be used to pay for in-platform ads (see the “[Basics of Scorum Economic Model](#)” section).

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3. SCR can be used at the integrated commission-free sport betting exchange.

According to data cited by the [BBC](#), the size of the fiat sports betting market reached the 1 trillion USD mark 4 years ago. It is difficult to obtain more accurate data because of the large number of market players and its non-transparent economy. However large its size today, it is plausible to assume that all the fiat money of the sports betting industry will migrate into commission-free solutions which can only be implemented using blockchain technology. Scorum is aiming to dominate this market niche.

4. SCR can be purchased on the Scorum website. To ensure that buying SCR is quick and easy, Scorum's platform will function as an intermediary between users and cryptocurrency exchanges. The option to buy SCR on the Scorum website will provide an additional revenue stream for Scorum and will have a positive effect on the growth of SCR value.

Using Scorum Power

SP tokens can only be used inside the Scorum platform. They are needed to ensure technical interactions between system users and to allocate rewards to users including the Bounty Program rewards.

Owning SP has the following advantages:

- The more SP, the higher the probability to get the [delegate](#) status and have an impact on Scorum's project development.
- The more SP, the more influence the user's opinion has within the project ([Voting Power](#)).
- The more SP, the larger the share in the reward pool for owning SP.

Users can get Scorum Power for registering on the platform as well as creating content, voting and signing blocks.

For more information about ways to get SP, please see the “[SP Emission and Distribution](#)” section.

In order to prevent SP’s entering the exchanges and to protect the system’s integrity, it will not be possible to transfer SP between users.

Therefore, only SCR tokens will be available at the exchanges (see “[SCR > SP > SCR Conversion](#)” section)

SCR > SP > SCR Conversion

At the Scorum platform, the SCR-to-SP exchange happens immediately.

It is also possible to exchange **SP into SCR** in equal shares within 12 months after conversion process activation (this time frame can later be changed by the delegates). This measure is aimed at protecting token holders’ interests.

SP > SCR conversion will be available only after adding the internal advertising into the platform. This measure is aimed at supporting the SCR exchange rate by increasing the demand for the tokens from the side of advertisers.

SCR Emission and Distribution

To finance further development of the platform, **Scorum** is issuing Scorum Coins (SCR) cryptocurrency and putting it up for sale to token purchasers during the Token Crowdsale. A finite amount of SCR and SP tokens will be issued.

Scorum Coins cryptocurrency totalling **20M** is created and sold as part of the Token Crowdsale:

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- **18.6M SCR** are put on sale and used for creation and development of the Scorum project.
 - **930K SCR** are distributed as part of [Token Crowdsale Affiliate Program](#).
 - **470K SCR** are distributed on a long-term basis among Scorum team as incentive bonuses.

Afterwards, SCR can be produced only by means of SP > SCR conversion. All the SCR tokens unsold during Token Crowdsale will be converted into SP. Throughout the year, all the received tokens will be converted into SCR, sold at the exchange and used for Scorum product development.

Token Crowdsale Summary

20M SCR are distributed during the Token Crowdsale in the following stages:

1. **1 600 000 SCR** at a rate of **1 SCR = 0.5 USD** (fiat currency equivalents here and throughout are provided for informational purposes only; no fiat currency will be accepted in the Token Crowdsale). Total for **800K USD** — **50% discount** from nominal value.
2. **2 000 000 SCR** at a rate of **1 SCR = 0.75 USD**. Total for **1.5M USD** — **25% discount** from nominal value.
3. **3 000 000 SCR** at a rate of **1 SCR = 0.85 USD**. Total for **2.7M USD** — **10% discount** from nominal value.
4. **12 000 000 SCR** at a rate of **1 SCR = 1 USD**. Total for **12M USD** — **nominal value**.

Scorum Team Incentive Program

470K SCR are emitted in order to motivate the employees of the company. These tokens will be paid as bonuses in addition to salaries until the allocated sum is fully paid out.

Token Crowdsale Affiliate Program

930K SCR are available for affiliates who help attract token purchasers for the Token Crowdsale.

Every affiliate that participates in the program has its unique referral code (the link with the code is available in users' personal account on the [Scorum Token Crowdsale website](#)) which can be used to track Scorum Coins buyers. The affiliate will receive 5% SCR based on the amount of SCR their referral links generate.

For example, an affiliate placed the link on social networks. A certain number of token purchasers went via this link to buy 1000 SCR. Thus the affiliate will get 50 SCR.

Tokens not distributed via this program will be destroyed.

SP Emission and Distribution: 1B Bounty Program

Scorum Power Tokens will be emitted in the course of user registration. A **maximum of 1B SP** will be issued. Up until the moment the first million users gets registered, the pools will get replenished at nominal value of 1 USD = 1 SCR = 1 SP and later on as per the exchange rate at third party cryptocurrency exchanges. Scorum Power tokens will be distributed as part of the Bounty program.

Scorum Power Distribution:

- **Up to 550M SP** (depending on SCR exchange rate) — registration bonuses.

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- **Up to 442M SP** (depending on SCR exchange rate) — bonuses for voting and commenting.
 - **5M SP** — to founders.
 - **1M SP** — to charity initiative.
 - **1M SP** — to Steemit users.
 - **1M SP** — to witnesses (users signing blocks).

As all the **rewards from the bounty program are paid in SP tokens**, the conversion of which into SCR will be delayed, new SCR are expected to appear on the market in small quantities and will be directly dependent on project's popularity.

The system is secured against **falsified registrations** and other system attacks thanks to the following mechanisms:

1. Gradual SCR burning in case of user inactivity.
2. Delayed SP > SCR conversion.

Registration Reward Pool

Amount: SP equivalent to 549.95M USD at the exchange rate at the moment of payment.

SP rewards for registration will be allocated in 10 stages (see *Tables 1 and 2*). At each stage, the quantity of tokens issued per person will decrease.

To increase the reach and involvement of the new users, a two-tiered affiliate system is introduced.

For example, a Scorum user has shared a link which N referrals used to register on the platform. For each referral the user gets a bonus which equals to 1 SP at the first stage, 0.8 SP at the second stage and so on. If these new users also attract additional referrals who decide to register, the initial user A will also be getting the bonuses of the second level: at the initial stage it is 0.1 SP per referral, at the second stage – 0.08 SP and so on.

During the first three stages, new users get registration rewards in SP according to the guaranteed exchange rate, more specifically, the nominal rate.

Table 1. Distribution of registration rewards at the first three stages.

Stage	Users, M	Registration bonus, SP	Level 1 affiliate bonus, SP	Level 2 affiliate bonus, SP	Stage total, M SP
1	0.1	5	1.0	0.10	0.610
2	0.3	4	0.8	0.08	1.464
3	0.6	3	0.6	0.06	2.196

SP payout range: 1 SP = 1 USD

Thus, during the first three stages, users will get up to 4.27M SP. This provides sports fans with a serious incentive to become one of the first million users registered at Scorum.

At the end of the first three stages, SP will be given out according to the SCR - USD exchange rates (SP directly depends on USD since 1 SCR = 1 SP). The exchange rate is controlled by the delegates. Each of them comes up with an exchange rate figure, and the average of these numbers is used when calculating payments during SP distribution. As the SCR exchange rate grows, fewer SP will be given out as part of the Bounty Program. This structure is believed to be beneficial to token holders.

In table 2 (stages 4-10) the reward amount for registrations is provided in USD for informational purposes only. However, the payouts are carried out in SP according to the SCR exchange rate at the time of payment.

Nominal rate of 1 SCR = 1 USD will be the minimum rate for payments.

Stage	Users, M	Registration bonus, USD	Level 1 affiliate bonus, USD	Level 2 affiliate bonus, USD	Stage total, M USD
4	2	2.5	2.5	0.050	6.10
5	7	2.0	2.0	0.040	17.08
6	20	1.5	1.5	0.030	36.60
7	50	1.0	1.0	0.020	61.00
8	100	0.5	0.5	0.015	66.50
9	200	0.4	0.4	0.011	104.20
10	620	0.3	0.3	0.010	254.20

Table 2. Distribution of registration rewards at the stages 4 –10 (in USD equiv).

SP payout range: exchange rate of SCR

Thus, the amount of the reward pool is 549.95M USD, paid in SP at the exchange rate at the moment of payment.

After six months of inactivity, the SP given to a user for registration will expire.

Activity Reward Pool

Amount: SP equivalent to 442.05 M USD at the exchange rate at the moment of payment.

The activity reward pool gets replenished with each registration on the Scorum website. Each new registration results in the pool getting replenished in equal sums within 100 days.

For example, during the first stage when new users get registered, the process of pool replenishment begins at 0.049 SP per day for 100 days, which is equal to 4.89 SP in total. Going forward, the pools collected in this manner are distributed among users that were active on the website (submitted publications, commented, voted, etc.).

Like with the registration reward pool, during the first three stages this pool gets replenished with the guaranteed amount of SP and according to its nominal value, and further on depending on the SCR exchange rate. The minimum exchange rate used for payouts is the nominal value of $1 \text{ SP} = 1 \text{ USD}$.

Stage	Users, M	Stage payouts, M	Stage payouts per person, M
1	0.1	0.49	4.90
2	0.3	1.18	3.92
3	0.6	1.77	2.94
<i>SP payout range: 1 SP = 1 USD</i>			
4	2	4.90	2.45
5	7	13.73	1.96
6	20	29.42	1.47
7	50	49.03	0.98
8	100	53.45	0.53
9	200	83.76	0.42
10	620	204.33	0.33

Table 3. SP activity reward pool distribution.

SP payout range: exchange rate of SCR

Thus, the total sum of the pool per billion users is 442.05M USD paid in SP at the exchange rate at the moment of payment.

Witness Reward Pool

Amount: 1M SP

Distributed between witnesses (delegates signing blocks).

Founders Reward Pool

Amount: 5M SP

Distributed between Scorum founders at their discretion.

Steemit Users Reward Pool

Amount: 1M SP

Distributed among Steem users.

We support the audience that is already familiar with a project similar to Scorum and have therefore created a special pool for [Steemit](#) users. A Blockchain snapshot is made on the date of the publication of this white paper. Data is recorded [here](#). SP tokens are paid to a public Steem address which can be activated by using personal Steem key.

Charity initiative

Amount: 1m SP

Scorum's charity initiative has been created to support various projects selected by the user community. The decision on the beneficiary is made by the delegates casting their votes for the volunteer and charity projects offered. At the same time, delegates can vote

for this pool to be transferred into the SCR activity reward pool for further allocation among Scorum users.

SCR Distribution from Scorum Revenue

SCR tokens are distributed from Scorum revenue according to the following principles:

1. Internal advertising.
 - a. **50%** of revenue is distributed in SCR among users.
 - i. **40%** goes to SCR activity reward pool.
 - **30%** goes toward rewarding content creators.
 - **10%** goes to voting users.
 - ii. **5%** is paid out to active SP owners (i.e., SP owners, who actively participate in voting as measured by having less than 100% VP) in proportion to their SP account balance.
 - iii. **4%** is distributed among witnesses (users who sign blocks).
 - iv. **1%** goes to Scorum charity initiative.
 - b. **50%** of the revenue goes to support and develop the product, namely, towards the company's R&D center.
2. Partner programs. Scorum **will offer a discount to all users** who choose to make payments within the platform **using SCR**. The discount amount will depend on conditions negotiated with Scorum partners.

3. Photo database. **80%** of the photo's value will go to its author. **10%** goes to the photographer reward pool and the remaining **10%** goes to Scorum.

SCR Activity Reward Pool

Scorum rewards its active users for creating and engaging with platform content. 40% of Scorum's advertising revenue go to SCR activity reward pool. This amount is distributed among authors of publications and readers who evaluate content by voting for it. Each user can cast their vote for publications and comments on Scorum's blogging platform as well as vote for comments within the statistical center.

Voting Power (VP)

Each user has a dynamic parameter **Voting Power (VP)** which gets spent during voting and gets fully **recovered within 120 hours (5 days)**. The maximum VP value is equal to the user's current amount of SP.

With each vote, **up to 5%** of the remaining Voting Power is spent. The more often the user votes, the less power each vote has as VP does not have enough time to recover.

The more VP a post or a comment gets, the higher the payout, which is distributed between the post's author, commentary creator, photographer as well as the users who voted for it.

Reward distribution depends on the following factors:

1. **VP of the voter that is given for the post.** The more VP given for a post, the higher the payout.
2. **Sequence.** Users that voted earlier get paid at a higher payout rate.
3. **Time from the moment of publication.**

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- The later the voting happens, the smaller the payout.
 - In order to protect the system from spam voting, we implement the following system: during the first 30 minutes after publishing a post or a comment, a portion of the voters' rewards goes to the content creator. If a vote or comment comes within the first minute of content publication, 100% of rewards will go to the author. This percentage will gradually go down to 0% by the 30th minute. For example, if a vote comes in on the 15th minute after publishing, 50% of the rewards will go to the post's author. If a user considers the post trendy and valuable, they should share a portion of their earnings and cast their vote earlier in order to keep their VP high.

Publication Statuses

Scorum publications are categorized into three statuses:

1. **New.** No one has voted for a publication and no more than 12 hours have passed from the moment of its creation. Publication does not get any rewards.
2. **Active.** From the moment the first vote has been cast, the post will remain active for 7 days and receives payouts from the SP and SCR activity reward pools.
3. **Archive.** If a publication has not received any votes for 12 hours, OR if 7 days have passed since the moment of its activation, the publication moves into an inactive state and does not participate in the reward distribution.

Each user gives a part of their [Voting Power](#) at the moment of voting. During its active state, a post accrues Voting Power and participates in the reward allocation process from the SCR activity reward pool. The tokens from pools are distributed once per minute. The more Voting Power a post gets, the bigger its reward share which gets distributed from the SCR activity reward pool. Only active posts participate in the reward distribution process.

Activity Reward Distribution

At Scorum, users get rewarded for being active on the platform: from post authors to commenters to users who cast their votes for posts.

The special feature in the comment reward system at Scorum is that 50% of commenting rewards for posts goes to the original post or comment. This way authors of interesting content get extra rewards if their post spurs lively discussions. This commenting reward hierarchy is preserved up to the 6th level.

Scorum has developed an **analogous reward system for comments left for entities within the statistics center** (players, judges, coaches, clubs, leagues etc.). Comment authors get rewarded as well as all the verified entities within the statistics center. It's important to note that Scorum will administer payouts only to verified entities in the statistics center. If an entity is not verified, the tokens are kept on their accounts until the verification process is complete. Such system allows Scorum to involve sports industry professionals in the project.

Publication author gets:

- 75% from the publication payout sum.
- 50% from the payout sum allocated for all authors of comments of the 1st degree.
- 25% from the payout sum allocated for all authors of comments of the 2nd degree.
- And so forth until the comments of the 6th degree inclusive.

Comment author gets:

- 75% from the comment payout sum.
- 50% from the payout sum for all the comments of the 1st degree.

- 25% from the payout sum for all the comments of the 2nd degree.
- And so forth until the comments of the 6th degree inclusive.

Statistical center entity gets:

- 50% from the payout sum for all the comments of the 1st degree.
- 25% from the payout sum for all the comments of the 2nd degree.
- And so forth until the comments of the 6th degree inclusive.

User who voted gets:

- 25% of the payout for the publication/comment distributed among all the users who voted for it.

Photographers Reward Pool

The photographer reward pool is continuously replenished with SCR in accordance with the [Scorum Revenue Distribution](#) mechanism. The pool's resources are distributed monthly among authors of the photographs that were used in publications and/or comments. The success (in [Voting Power](#)) of the publication or comment also plays a role. Artists can put their best pictures in separate posts and participate in their promotion, thereby influencing the reward distribution in two reward pools: for submitting a photograph and for activity as an author of the publication.

Product Roadmap

Different structural parts of the project are currently at various stages of completion. Both user and technical tests of the features already developed are going well, and we have firm plans to launch a partially limited Scorum version in the beginning of 2018 with the blogging platform and the reward system added on and ready to use. At the initial stages of Scorum's existence, we have determined the two strategic markets for our product to be Europe and North America.

Using the already developed statistics center for football as a reference, we will be gradually rolling out support for all popular sports from around the globe.

February 2018: The Scorum blogging platform featuring its integrated reward distribution system goes live. Microsoft's Power BI integration goes public.

March 2018: The advertising system will be implemented with 40% of ad revenue directed to the SCR Activity Reward pool.

April 2018: Sports data visualizations for the blogging platform will go live. The first AI services (sport texts and image analyzers) within the statistical center will also be rolled out.

June 2018: The photo database where users can purchase sports photos for use in articles.

June 2018: We'll add the most popular USA sports leagues to the statistical center

July 2018: The betting exchange will open so that users can bet against each without commission.

August 2018: The Scorum Charity Initiative will be launched and funded with 1M SP tokens and 1% of Ad revenue.

October 2018: Scorum's Decentralized Research and Development center will be integrated.

Technical Overview

There are three technical blockchain components that make up the Scorum sports media platform: the blockchain protocol, Web infrastructure and data analytics services.

Blockchain Protocol

The blockchain protocol is the most essential part of the Scorum project. Any public blockchain must contain economic stimuli aimed at rewarding those project participants that support the protocol as well as penalties for those who try to compromise it.

Because of the the technical complexity of modeling and development of the unique economic system of the Scorum blockchain protocol, we have decided to rely on ready-made solutions whenever possible. Many of the technical components of blockchain

models similar to Scorum have already been developed and successfully used in other projects. We have picked what we believe to be the best blockchain solutions available and applied them to the development of Scorum.

The Graphene framework is used to develop the blockchain protocol for Scorum. This solution has already proved itself both reliable and highly capable in such successful blockchain projects as Bitshares, Steemit, and Golos.

The Scorum blockchain uses the **DPoS (Delegated Proof-of-Stake) consensus algorithm**. The key advantage of this algorithm is its high-traffic network capacity of up to 10 000 transactions per second. Such performance is made possible thanks to a combination of several factors:

1. The schedule for the nodes signing blocks is known ahead of time.
2. Effective transaction processing in each node.
3. All data necessary for validating transactions is stored in the memory.

At Scorum blockchain, production of new blocks is made by **delegates** and takes place according to the schedule made for the following round. The schedule for each round is made according to the protocol. More specifically, 21 delegates are chosen who will be signing the blocks. 20 of them are chosen according to user votes. 1 of them is selected from the delegate queue; the delegate with the largest number of Scorum Power tokens gets chosen for the upcoming block signing round. Each user can participate in block signing thereby playing an active role in the decision making process of what type of information becomes part of the Scorum blockchain.

In order to make it to the list of **21 delegates** chosen to sign blocks for the following round, a user needs to either become one of the top 20 most popular candidates according to user votes OR buy a sufficient amount of Scorum Power and wait for their turn in the queue among all the remaining candidates that didn't make it to the top-20 list.

Block production synchronization among **delegates** (witnesses) is carried out according to the **NTP protocol** which is being used successfully in other blockchain systems (Bitshares, Steemit and Golos).

In order to provide users with an opportunity to perform transactions within the Scorum blockchain network without having to spend their resources, we came up with the free transaction model for the platform which is made possible by the system dynamically calculating bandwidth capacity of each user.

Blockchain protocol is a set of technology solutions responsible for both development and proper execution of user interaction protocol inside a specialized p2p network. Blockchain also develops protocol rules and makes sure they are executed by a client supporting the protocol. In this case, the **client** is a cross-platform application with an open source code publicly available for analysis and use by any interested parties.

To make the Scorum blockchain deployment process more convenient, we provide each new protocol version as a Docker image which allows us to avoid the peculiarities of various operating systems and environments. This in turn allows our users to easily utilize the client, which is especially important for delegates who need to keep the nodes active within the network in order to take part in block production rounds. These Docker images of public nodes are also deeply integrated into the system of continuous Web infrastructure expansion of the Scorum platform.

Web Infrastructure

A console application is sufficient for interacting with the blockchain Scorum node. However, manual formatting and sending of the transaction in accordance with the protocol is far from user-friendly. That's why developing a **convenient and secure user interface** is one of our key development objectives.

To allow for seamless and quick access to Scorum web interface, we will create a cluster of various containers within the **Windows Azure** cloud.

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- We use **Azure Container Service** to expand, support and orchestrate the Docker-container cluster with Scorum blockchain nodes. This highly reliable solution allows us to ensure availability even during peak load times as well as flexibly scale the cluster depending on incoming request volume.
 - **Azure Search** allows Scorum users to effectively search through the content found on Scorum blockchain. To do this, we keep an eye on all the notes located in the blockchain and create indexes for them in Azure Search. Such indexing allows us to provide users with the most relevant search results considering such criteria as user language and variability of the searched phrase.
 - We use **Azure Content Delivery Network** to allow users to load pages immediately, regardless of where they are in the world.

Justification for The Models Used

Two fully functional products built using Blockchain technology, Steemit and Golos, with the blogging components analogous to Scorum, have already demonstrated their market success.

According to CoinMarketCap, as of September, 2017, Steem is one of the top 20 largest cryptocurrencies with market capitalization reaching **\$315M USD**. While Golos, in its turn, is a successful localized version of Steemit demonstrating dynamic growth.

We have taken certain elements from these projects and applied them to Scorum. Namely:

1. The general idea of income distribution among users.
2. A fair payout distribution model.
3. **Technical components** of the platform, particularly the DPoS consensus.

At the same time, we have significantly improved and adapted the above models to the needs of the sports industry and have greatly enhanced the economic component of the platform:

1. **Introducing advertising inside the platform.** Striving to create a sustainable ecosystem at Scorum, we have introduced an option to purchase advertising in SCR with prices starting at lower rate than the market average. This measure is aimed at protecting the SCR exchange rate from volatility.
2. **Additional opportunities to use SCR** which is expected to help further increase token value.
3. Finite SCR and SP emission which increases SCR value.
4. Economically viable existence of the R&D center which is supported by stable sources of income (see the "[Basics of Scorum Economic Model](#)" for details).
5. Operating costs to support the Scorum ecosystem are substantially decreased as the R&D center is located in Minsk, Belarus, where it is possible to create technology products of the [highest quality](#) at low prices.

Reasons to Participate in the Scorum Token Crowdsale

Compared to traditional sports media, the Scorum project offers sports fans a multitude of benefits. Our unique value proposition will lead to large sports audiences choosing our platform over the established media, which is expected to result in quick Scorum tokens distribution. In turn, the economy of the Scorum project is based on a stable monetization system which gives SCR real value.

Here are the defining factors that make SCR cryptocurrency attractive to token purchasers:

1. Favorable conditions to **forecast SCR value and growth.**
 - Extensive **sports betting market**. According to data cited by the [BBC](#), the fiat betting market is valued at 1 trillion USD. This money is allocated among traditional sports betting platforms where commission fees can be as high as 10%. We can safely assume that this money will migrate away from traditional venues and towards commission-free projects. Thanks to blockchain technology, Scorum allows its users to **make commission-free bets**.
 - After launching **CPC advertising system** nominal value of one click on the Scorum platform will be 0.01 USD, whereas other traffic providers charge as much as 50 USD per click (the data can be verified via [Google Adwords](#)). This will significantly increase the platform's attractiveness for advertisers and leads to an increased demand for SCR.
 - Discounts for our partners' sporting goods and services offered to those users who choose to pay for them in SCR, which further increases the demand for SCR tokens.
2. According to 2016 [estimates](#) by the University of Cambridge, the number of cryptocurrency holders had reached 5.8 mln. However high the number may be today, **Scorum** has potential to **expand cryptocurrency user audience up to 1 billion people** by providing inherent advantages for its users:
 - Users can easily enjoy taking part in Scorum's cryptocurrency economy which rewards their everyday interests with tangible and straightforward benefits.
 - Minimal barriers to entry: user becomes Scorum Power owner right after registering at Scorum.

Scorum audience growth is highly beneficial to those who already own cryptocurrencies since the more people use them, the more money gets invested into this sphere.

Conclusion

Thanks to the blockchain technology and a stable internal economy, Scorum creates a favorable system to satisfy sports enthusiasts' and professionals' key needs. All this makes the project attractive for both users and token purchasers.

Risk factors and disclaimers

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ALL POTENTIAL RISKS CAN BE ASSESSED HERE [[link to the complete list of risk factors found in the Terms of Token Crowdsale and to the "RISK FACTORS" file](#)].

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WORDS SUCH AS 'EXPECT', 'ANTICIPATE', 'INTEND', 'PLAN', 'WILL', 'WOULD', 'ESTIMATE', 'FORECAST' OR 'TARGET'. SUCH FORWARD-LOOKING STATEMENTS BY THEIR NATURE ADDRESS MATTERS THAT ARE, TO DIFFERENT DEGREES, UNCERTAIN. WE CANNOT GUARANTEE THAT ANY FORWARD LOOKING STATEMENTS, BACKTESTS OR EXPERIMENTS MADE BY US OR EXPECTED RESULTS OF OPERATION OF SCORUM SPORTS MEDIA PLATFORM WILL CORRELATE WITH THE ACTUAL FUTURE FACTS OR RESULTS.

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Scorum Ltd.

TERMS OF TOKEN CROWDSALE

These Terms of Token Crowdsale are effective as of h , 2017

INTRODUCTION

Please read these Terms of Token Crowdsale carefully. By making a contribution to Scorum Limited, a limited company organized under the laws of Gibraltar (the "Company" or "Scorum", "We") with a purpose of the purchase of Scorum Coin tokens ("SCR", "SCR tokens" or "Tokens") during the token sale period you will be bound by these terms and conditions of Token sale.

These Terms of Token Crowdsale (the "Terms"), Privacy Policy and any terms and conditions published from time to time on the Website (being <https://www.scorumcoins.com>, the Crowdsale Landing page, all subdomains and all their respective pages) constitute the legal relationship and agreement between you, ("You" or the "User"), and the Company, in respect of your participation in the Token Crowdsale, receiving and holding Tokens, and your use of the Website. Each of You and Company is a "Party" and, together, the "Parties".

In accepting these Terms, You acknowledge that You have read them, understand them, and had an opportunity to seek an independent financial and/or legal advice prior to agreeing to them. If You have any questions regarding these Terms, please contact us at info@scorumcoins.com.

These Terms does not constitute investment advice or counsel or solicitation for investment in any security and shall not be construed in that way. These Terms does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities. These Terms have not been and will not be submitted to, registered with, reviewed or verified by any regulatory authority in any jurisdiction.

Acquisition of SCR tokens does not present an exchange of cryptocurrencies for any form of ordinary shares, and holder of any tokens, issued by Scorum Limited is not entitled to any guaranteed form of dividend or other revenue right. The Users will not have any influence on the corporate management of the Company, apart from certain community voting rights described in the White Paper. The Tokens are not intended to be a digital currency, security, commodity, bond, debt instrument or any kind of financial instrument or investment carrying equivalent rights, nor are the Tokens intended to represent any form of money or legal tender in any jurisdiction, nor any representation of money (including electronic money). Accordingly, any protections offered by applicable law in relation to the purchase, holding and/or sale of the instruments and/or investments referred to in this Section shall not apply to any contribution made under these Terms for the purchase of Tokens or to your holding or sale of Tokens.

By visiting, accessing or using the Crowdsale Landing page, You have indicated that You have the legal capacity to accept these Terms and to agree to be bound by it in its entirety. Feel free to print and keep a copy of these Terms, but please understand that the Company reserves the right to change any of these Terms at any time. You can always find the latest version of these Terms

here on this page.

If You do not agree to these Terms of token sale, do not make any contribution to the Company and do not purchase SCR tokens.

These Terms shall be effective and legally binding until the Parties fully fulfill their obligations. Part of these Terms, concerning the Token Crowdsale shall remain effective until .

The Company has the right to refuse to perform these Terms unilaterally out of court.

You and the Company agree as follows:

In these Terms, the following terms shall have the meaning specified below:

- “Blockchain” means a distributed database that maintains a continuously-growing list of records called blocks in an open ledger, providing a transparent and reliable basis for automated contracting and payments resulting from real-time commercial activity;
- “Prohibited Jurisdictions” mean certain jurisdictions and/or territories, specified as prohibited or similar in Scorum’s sole discretion. At the moment of the Token Crowdsale the list of Prohibited Jurisdictions includes the People’s Republic of China and the Republic of Korea and any other jurisdiction or country where the Token Crowdsale would be contrary to any law or regulation or require any registration, licensing or other authorization and may be amended from time to time. Scorum has the right to change the list of the Prohibited Jurisdictions in Scorum’s sole discretion at any time and include the certain jurisdiction in these Terms.
- “Token Crowdsale”, “Token Sale” means a sale of the cryptographic tokens to the eligible public via a Crowdsale Landing page.
- “Whitepaper” is an informational document issued by Scorum, highlighting the features of the Platform, available for download at Crowdsale Landing page.

1. PLATFORM. SCR AND SP TOKENS

- a. Scorum Platform (or “Platform”) will be a sports media platform with Blockchain integration. It is a new type of publishing platform that rewards its active users with the help of the Scorum cryptocurrency (“SCR”) and internal tokens Scorum Power (“SP”). Website of the Platform is scorum.com (“Platform Website”).
- b. Scorum Platform economic model is based on the following principles: the support of cryptocurrency by real economy and fair distribution of benefits between all stakeholders.
- c. Cryptocurrency Scorum Coin (“SCR”) and tokens Scorum Power (“SP”) support the functionality of the internal economy of the Platform.
- d. Scorum Coin (“SCR”) is a freely available cryptographic token that is expected to be bought or sold at a third party exchange as well as transferred to other users.

- e. SCR is intended to be used:
 - 1. At cryptocurrency exchanges where it will be possible to exchange SCR for other tokens. SCR rate is set by market supply and demand.
 - 2. At Scorum Platform:
 - i. Goods of partners will be available for purchase payable with SCR. For instance digital content, goods, livestreams, tickets for sports events, etc. The list is open-ended and approximate and can be changed at the sole discretion of the Company.

A discount may be given to those paying in SCR instead of another currency.

- ii. Payments in SCR will be possible when purchasing internal advertising with payment for clicks.
- iii. SCR will have circulation at an integrated commission free sports betting exchange.
- f. Scorum Power (“SP”) is an internal token of the Platform with a price in direct correlation (1:1) to SCR price. It provides security from fake registration. It is also essential to ensure technical interworking between users of the system.
- g. SP tokens are only used inside Platform for rewards of users from corresponding pools, including bounty programs. Apart from that, they are essential for a range of technical interactions between system users.
- h. SP tokens are not listed during the current Token Crowdsale and are not regulated under the Terms.

2. SCOPE OF TERMS

- a. Unless otherwise stated herein, these Terms govern only your purchase of SCR tokens from the Company during the Sale Period (as defined below).
- b. Conditions of any use of SCR, SP tokens in connection with Platform, including acting as validators, use of certain investment mechanisms provided by the Platform, as well as any conditions and terms of Platform-based investment actions, will be governed primarily by other applicable terms and policies, including our privacy policy, which will be available on the Platform Website <https://scorum.com> (collectively, the “**Platform Terms and Policies**”). The Company may add new terms or policies to the Platform Terms and Policies in its sole discretion, and may update each of the Platform Terms and Policies from time to time according to modification procedures set forth therein.
- c. To the extent of any conflict with these Terms, the Platform Terms and Policies shall control the use of SCR and SP tokens in connection with any activities made within the Platform.

3. TOKENS ACQUIRING AND DISTRIBUTION

- a. During the Token Crowdsale, after the User transfers the funds, the corresponding note will

be included in the Scorum's Blockchain. The User will manage and control his balance with the help of the private key on the Platform Website. The private key will be generated in the User's purchaser account on the Website.

- b. The maximum hard cap of this Token Sale remains unchanged – it is USD \$ _____ (_____), and equals to _____ (_____) SCR. Any fiat currency equivalents are provided here and throughout for informational purposes only. No fiat currency will be accepted during the Token Sale.
- c. The undistributed during the Token Sale SCR tokens, within 1 (one) year will be converted into SP tokens at the following exchange rate: 1 SCR=1 SP. During the one-year period mentioned above in the current paragraph, Scorum will partly sell the undistributed Tokens at the exchanges. Scorum will not hold, keep, preserve the undistributed during the Token Sale SCR tokens.
- d. The Token Crowdsale will run for _____ (_____) days, starting from _____, 2017, 00:00 (UTC +2) until either on _____, 2017, 23:59 (UTC +2) (the "Sale End Date") or on the date when the cap amount of SCR tokens equal to USD \$ _____ (_____) has been sold, whichever is earlier (the "Sale Period").
- e. Scorum reserves the right to change the start date of the Token Crowdsale as well as the right to extend the sale duration for any reason, including the unavailability of <https://scorumcoins.com> or other unforeseen security or procedural issues. Although Scorum does not currently anticipate doing so, it also reserves the right to shorten the sale duration or cancel it for any reason. You agree not to send any contribution during the suspension of the Token Crowdsale or after its cancellation and accept the risk that any contribution sent during such time may be lost in its entirety.
- f. The value proceeds of the Token Crowdsale will be used for the further development and advancement of the Platform after the Sale End Date of the Token Crowdsale.
- g. The User understands that Scorum will not provide any refund of the purchase price for SCR under any circumstances and/or conditions, including, but not limited to for the following reasons: misunderstanding of the Whitepaper or Terms; because of the changes in User's wellbeing; discrepancy in expectations of the User; disappointment in the Blockchain technology, in the Token Crowdsale or in the Platform; obtainment of any types of consultations, advice or recommendations etc.
- h. Notwithstanding any provision in these Terms, Scorum is not obliged or committed to sell any or all of the SCR during the Token Crowdsale, and reserves the right to terminate the Token Crowdsale or otherwise alter the allocation and price of SCR as it deems fit without prior notice. Scorum reserves the right to pause the Token Crowdsale. Scorum does not expect to make such changes or take such action, but may do so in exceptional and unforeseen circumstances beyond the control of the Company, e.g. a large change in ETH and/or BTC price, DDoS attacks, network overload or any other reason.

4. PURCHASE AND SALE OF TOKENS

- a. The USD price per Token is \$1 (“Price Per Token”). While the Price Per Token is set in USD, You must pay for Tokens either in Ethereum (“ETH”) or in Bitcoin (“BTC”) (a “Payment Currency”). Any fiat currency equivalents are provided here and throughout the Terms for informational purposes only. No fiat currency will be accepted.
- b. All the relevant and up-to-date information about all the possible discounts concerning the SCR token purchase will be published on the Website.
- c. Purchase procedure. Those wishing to purchase SCR tokens will have to go through the following steps:
 - i. Registration on the Website and creation of your personal User’s account (“User Account”). Provision of the information, required for the creation of User Account is regulated by the Section “Privacy Policy” and the information, contained in the notifications, suggested on the Website during the registration procedure.
 - ii. In the User Account You will be allowed to choose the suitable amount of SCR tokens You would like to buy. The system will approximately calculate the necessary amount either of ETH or BTC required for the chosen amount of SCR purchase. We reserve the right, in our sole discretion, to modify any of the procedures described herein to account for network congestion or other technical challenges.
 - iii. After all the calculations are performed You will be suggested to read, view, get acquainted with the Terms. After You confirm, that You have read the Terms, the unique Scorum’s digital wallet address will be generated and displayed for You, so as You can perform the payment. We use unique digital wallet addresses so as to trace your personal activity in the User Account.
 - iv. After the payment is performed, the information about the purchase of the SCR from your User Account will be included in the Scorum’s Blockchain. The Company will keep a record of each transfer or payment received by the Company within the sale (whether in ETH or BTC) including (i) payment currency; (ii) amount received; (iii) the time the transfer had been received; (iv) wallet address from which the payment had been sent. In Your User Account You will also be granted with the opportunity to form the unique code, required to transfer, use SCR in Your User Account (“Token Code”).
 - v. After the Token Crowdsale is finished, and Scorum’s Blockchain is developed, Your purchased SCRs will be transferred to Your wallet on the Platform Website. The Company will deliver the quantity of Tokens You purchase to your account on the Platform Website.
 - vi. To gain the opportunity to use, transfer the Tokens on the Platform Website You will need to:
 - provide Scorum with Your personal data, required for the compliance with the KYC (“Know Your Customer”) and AML (“Anti-Money Laundering”) policy in the countries Scorum operates, in accordance with the Section “Privacy Policy”. If You are not providing Scorum with the required personal data, Scorum has the right to restrict and limit Your rights to use

and transfer SCR, until such information will be provided;

- use the Token Code, generated in your User Account. Information about the availability of Token delivery will be published on the Website.
- d. You agree not to share your information concerning the User Account and unique digital wallet address provided in the User Account, the Token Code with any other person for the purpose of facilitating their unauthorized access to the Token Crowdsale. If You do share your information concerning the User Account and unique digital wallet address provided in the User Account, the Token Code with any other person We will consider their activities to have been authorized by You. You alone are responsible for any acts or omissions that occur during the Token Crowdsale through the use of your information concerning the User Account and unique digital wallet address provided in the User Account, the Token Code. We reserve the right to suspend or block your access to the Token sale upon suspicion of any unauthorized access or use, or any attempt thereof, by anyone using your information concerning the User Account and unique digital wallet address provided in the User Account, the Token Code.
- e. Scorum will perform the Token Crowdsale only via the Website. The only official and authorised Website URL operated by Scorum is <https://www.scorumcoins.com>. You must ensure that the URL of your web browser indicates that it is using a hypertext transport protocol secure connection (“https”) and that the domain name is correct.

5. CANCELLATION. REFUSAL OF PURCHASE REQUESTS. TAXES.

- a. Subject to otherwise expressly provided in this, all purchases of SCR tokens from the Company during the Sale are final, and there are no refunds or cancellations except as set forth herein or as may be required by applicable law or regulation.
- b. The Company reserves the right to refuse or reject any contributions made at any time in its sole and absolute discretion. To the extent that the Company refuses or rejects a transfer from the Purchaser, the Company will exercise reasonable endeavors to procure that the transferred amount is returned to the Purchaser, however, We do not warrant, represent or offer any assurances that We will successfully be able to recover and/or return any such transfers.
- c. **Taxes.** Any amounts that you pay for tokens are exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of 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 the your purchase of tokens.

6. ELIGIBILITY

- a. You are not eligible and You are not allowed to purchase any SCR tokens if You are a citizen and/or resident (tax or otherwise) of Prohibited Jurisdictions, and/or You are located in Prohibited Jurisdictions.

- b. To remove any doubt, this restriction also applies to residents and citizens of other nations while located in a Prohibited Jurisdiction, and the fact that the Token Crowdsale is accessible in any such Prohibited Jurisdiction, or that the Website allows the use of the official language of any such Prohibited Jurisdiction, shall not be construed as a permission to take part in the Token Crowdsale.
- c. Any attempt to circumvent this restriction, for example – by using a VPN, proxy or similar service that masks or manipulates the identification of Your real location, or by otherwise providing false or misleading information regarding Your citizenship, location or place of residence, is a breach of these Terms and may constitute an unlawful act under the applicable law.

7. ACKNOWLEDGMENT AND ASSUMPTION OF RISKS

- a. You acknowledge and agree that there are the following risks associated with purchasing, owning, and using Tokens:
 - Tokens carry risks. Prior to receiving Tokens, You should carefully consider such risk and, to the extent necessary, consult with an appropriately qualified advisor. If any of the following risks are unacceptable to You, You should not purchase Tokens. By participating in the Token Crowdsale, making payments to Scorum, or receiving and holding Tokens, You acknowledge and agree that You do understand the risks described below and that, to the extent permitted by applicable law, You agree that no other party may be held liable for any Loss arising out of, or in any way connected with your participation in the Token Crowdsale, payments to Scorum, or receiving and holding Tokens or such risk.
 - Regulatory action in one or more jurisdictions. Cryptocurrencies, cryptographic tokens, blockchain-based software systems, and sports betting, virtual tokens betting portals have been the subject of regulatory scrutiny by various regulatory bodies in numerous jurisdictions. Scorum's Token Crowdsale and Tokens could be impacted by one or more regulatory inquiries or regulatory actions, which could impede or limit the ability of Scorum to develop the Platform. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the tokens raised in the Token Crowdsale will be sufficient for the development of the Scorum platform and/or for the proper structuring and licensing of the anticipated betting exchange platform. Also due to the uncertain state of regulation on a global scale in the field of virtual token betting, we cannot guarantee the legality of Scorum betting exchange platform or ability to structure and license a future betting exchange platform based on our betting exchange platform in any given jurisdiction. For the foregoing or any other reason, the development of the Scorum's betting exchange platform and launch of the anticipated Scorum's betting exchange platform may not be completed and there is no assurance that it will be launched at all. As such, distributed SCR Tokens may hold little worth or value, and this would impact its trading price, as well as SCR Tokens may not be used at the betting exchange.
 - Theft. Hackers or other groups or organizations may attempt to steal Tokens.
 - The risk of loss in acquiring SCR tokens may be substantial and losses may occur over a

short period of time;

- The price and liquidity of SCR tokens may be subject to large fluctuations in the future. The Company does not promise, and none of the provisions of these Terms shall not be interpreted in a way, that SCR guarantees to its holder any income, profit, benefit, as well as the Company does not guarantee any SCR's liquidity in the future. If should not purchase the Tokens as a form of investment on a speculative basis or otherwise, or for a financial purpose, with the expectation or desire that their inherent, intrinsic or cash-equivalent value may increase with time. If You do so regardless, You assume all risks associated with such speculation or actions, and any errors associated therewith, and accept that the Tokens are not offered by the Company or its affiliates on an investment or speculative basis. You further acknowledge that any funds You consider to be contributed to the Company in exchange for Tokens, or the Tokens will not be protected, guaranteed or reimbursed by any governmental, regulatory or other entity, and will not, for instance be guaranteed by the Gibraltar Deposit Guarantee Scheme, the Gibraltar Investor Compensation Scheme, and is unlikely to be protected by any equivalent scheme in a jurisdiction outside of Gibraltar;
 - Risk of Hard Fork. The Platform will need to go through substantial development works as part of which it may become the subject of significant conceptual, technical and commercial changes before release. As part of the development, an upgrade to the SCR may be required (hard-fork of SCR) and if You decide not to participate in such upgrade, You may no longer be able to use Your SCR and any non-upgraded SCR may lose their functionality in full;
 - Other risks, mentioned in the file "RISK FACTORS", available on the Website.
- b. By purchasing tokens, You expressly acknowledge and assume these risks.
 - c. SCR tokens are not legal tender, are not backed by any government, transactions may not be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable some SCR transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that You initiate the transaction.
 - d. You acknowledge and agree to participate in Token Crowdsale and purchase SCR tokens at your own risk. The points noted above apply to all users. However, this brief statement does not disclose all of the risks associated with acquiring of SCR tokens. You should, therefore, carefully consider whether such acquiring is suitable for You in light of your circumstances and financial resources. Please carefully consider your objectives, level of experience, and risk appetite before using any of Scorum services. Seek advice from an independent financial advisor if You have any doubts.
 - e. None of the information contained in this Terms constitute an offer to sell any security, financial instruments, or a solicitation of an offer to buy any security, financial instrument, or an advice or recommendation with respect to such financial instruments.
 - f. SCR tokens do not grant to their owners any equity rights, corporate Company controlling or managing rights, dividend rights, the right to receive the property of the Company when it is liquidated and any other rights essentially similar to shareholder's rights of the Company.

8. SECURITY

- a. You are responsible for implementing reasonable measures for securing the wallet, vault, or other storage mechanism You use to receive and hold Tokens purchased 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 Tokens.
- b. Scorum shall not be held liable for the wallet of any User being hacked, stolen or lost, in which case the delivery of purchased SCR could fail, become impossible or be sent in error.

9. REPRESENTATIONS AND WARRANTIES

- a. To acquire SCR during the Token Crowdsale, each User shall represent and warrant to Scorum and its affiliates that:
 - All the information submitted by the User to Scorum is true, complete, valid and non-misleading;
 - the User understands Blockchain, distributed ledger technology and crypto-tokens and is fully aware of the risks associated with the Token Crowdsale;
 - the User's acquiring of SCR is voluntary and based on its own independent judgment without being coerced, solicited or misled by anyone else;
 - the User is permitted by the laws of each jurisdiction to acquire of SCR and is legally permitted to acquire, receive and hold crypto-tokens;
 - making a contribution and receiving Tokens under these Terms is not unlawful or prohibited under the laws of your jurisdiction or under the laws of any other jurisdiction to which You may be subject and any contribution shall be made in full compliance with applicable laws (including, but not limited to, in compliance with any tax obligations to which You may be subject in any relevant jurisdiction);
 - No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on his/her part in connection with the participation in the Token Crowdsale;
 - You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of Tokens;
 - the User aims to acquire SCR during the Token Crowdsale primarily for its primary function as a cryptographic token (which are not redeemable, associated with financial return or backed by any underlying asset or repurchase commitment and do not necessarily have market value or transaction between peers) without expectation of any profit or financial yield and does not contemplate to use SCR for any financial, speculative, illegal or non-ethical purpose;

- the User is not acting as a nominee or agent for or on behalf of any third party. If You are purchasing 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.
 - any contribution to be made by You for the purchase of Tokens is not derived from or related to any unlawful activities, including but not limited to money laundering or terrorist financing activities;
 - You shall not use the Tokens to finance, engage in, or otherwise support any unlawful activities;
 - your cryptocurrency shall be transferred to Company from a digital wallet that:
 - is registered in your name or in the name of a person who is duly authorized by You to transfer the cryptocurrency;
 - is not located in or that is not registered in the name of a person located in or resident of any country or territory that has been designated by the Financial Action Task Force as a “non-cooperative country or territory”.
- b. All the above representations and warranties made by a User shall be true, complete, accurate and non-misleading on and from the date of that User making a payment hereunder throughout the Token Crowdsale and onwards.
- c. Scorum does not make, and hereby disclaims, any representation or warranty with respect to SCR (including their respective merchantability or fitness for any particular purpose). Each User's decision to support the Token Crowdsale and purchase any SCR shall be made based on his/her own knowledge of SCR and the information disclosed on Token Crowdsale Landing page. Without prejudice to the generality of the foregoing, each User will accept any SCR on an “as is” basis, irrespective of the technical specifications, parameters, performance or function thereof.

10. TAXATION

- a. The Users bear full responsibility for timely and correct calculation and payment of all taxes due in accordance with the legislation applicable to the Users. The Service is not a tax agent of the User, as well as it does not advise the User on the order of calculation and/or the payment of taxes.
- b. All User`s factual and potential tax obligations are User`s concern and Scorum is not in any case and under no conditions bound to compensate for User tax obligation or give the User any advice related to tax issues, including but not limited what kind of filing or reporting You need to do with the competent tax authority, which taxes and to which extent Users are obliged to pay, which tax exemptions You are eligible to etc.

11. PRIVACY POLICY

- a. Scorum shall not use, process or transfer User`s personal data beyond the limits permitted by statute and/or laws. Unless You select otherwise, the information provided to Scorum will not be visible to the public or other community members.
- b. Before participating in the Token Crowdsale and/or acquiring SCR You might have to provide certain personal information about yourself (this may include, but is not limited to, your name, contact details, date of birth, residency, or any other information, that may be required to meet the legal requirements according to the applicable laws or regulations as of the moment of requesting the information) to enable us to verify your identity.
- c. Scorum may determine, in its sole discretion, the list of information, that shall be requested about You (this may include, but is not limited to, your name, contact details, date of birth, residency, or any other information, that may be required to meet the legal requirements according to the applicable laws or regulations as of the moment of requesting the information) in order to comply with the current or future applicable laws or regulations in connection with selling SCR tokens to you.
- d. You revocably agree to provide us all information, stated above, promptly upon request and acknowledge that Scorum may refuse to provide You with the right to use SCR tokens until You provide such requested information and Scorum has determined that it is permissible to provide You with the right to use SCR tokens under applicable laws or regulations. Definite information scope and the concrete tools, means of information request are defined in Scorum`s sole discretion after these Terms are deemed to be concluded and after the SCR tokens are purchased. Definite information scope and the concrete tools, means of information request may vary depending on the number of Tokens purchased or depending on the other circumstances, defined by Scorum.
- e. Apart from everything else, You agree that, in case if Scorum limits your rights to use SCR, because of the non-provision of the information, required under KYC policy in accordance with Scorum`s request, Scorum shall not be deemed to breach these Terms.
- f. Scorum performs KYC and AML procedures. If You supply Scorum with the personal information described above and any other personal data (including IP address), You agree that Scorum will therefore process your information for AML purposes, and can provide your information to the state authorities in the countries Scorum operates.
- g. In accepting these Terms, You acknowledge and guarantee that the ETH and BTC funds that will be transferred to the Company for SCR token purchase, are not obtained by criminal means, and that your SCR token purchase is not aimed at money laundering. You hereby authorize Scorum to, directly or through third parties, make any inquiries We consider necessary to verify your identity and/or protect against fraud, including to query identity information contained in public domains or reports, and to take any action We reasonably deem necessary based on the results of such inquiries or reports. You further authorize any and all third parties to whom such inquiries or requests may be directed to fully respond to such inquiries or requests.
- h. The data that Scorum collect from the User will be transferred to, and stored at, in the EU

and may be transferred and/or stored to other places outside the European Economic Area (EEA). It may also be processed by staff, operating outside the EEA, who works for Scorum or for one of its service providers.

- i. Company will process your Personal Data in accordance with the Data Protection Act 2004, as may be amended (“Data Protection Act”), and You agree that we, as the data controller, may directly or through our service providers or agents process your Personal Data for any one or more of the following purposes:
 - the purchase the Tokens pursuant to these Terms;
 - providing You with information about us and our range of services;
 - compliance with relevant ‘Know Your Client’ and Anti-Money Laundering requirements under applicable law;
 - management of enquiries and complaints;
 - processing of transactions related to the Token Sale;
 - opening, maintaining or operating a bank account in the Company’s name;
 - resolving any disputes with you;
 - producing summary information for statistical, regulatory and audit purposes; or
 - any other reasonable purposes in accordance with applicable law.
- j. Under the Data Protection Act You have a right to access your Personal Data held by us, and it is your responsibility to inform us of any changes to your Personal Data to ensure such data remains accurate. You also have a right to object to your Personal Data being processed for the purposes of direct marketing. You agree to provide a written request to us should You wish to enforce these rights.
- k. By submitting any of your personal data, You agree to this transfer, storing, or processing. Scorum will take all steps reasonably necessary to ensure that your data is treated securely and in accordance with these Terms.
- l. Third parties may be located in other countries where the laws on processing personal information may be less stringent than in your country. Our services may, from time to time, contain links to and from the websites of our partner networks, advertisers, and affiliates (including, but not limited to). If You follow a link to any of these websites, please note that these websites and any services that may be accessible through them have their own privacy policies and that We do not accept any responsibility or liability for these policies or for any personal information that may be collected through these websites or services, such as contact and location data. Please check these policies before You submit any personal data to these websites or use these services.

12. INDEMNIFICATION

- a. To the full extent permissible by applicable law:
- Scorum makes no, and hereby disclaims all, representations or warranties of any kind, express or implied, as to the availability, operation and use of the Website, including but not limited to warranties of performance, functionality, merchantability, fitness for a particular purpose, title, non-infringement, and implied warranties arising from course of dealing or course of performance; and
 - You release and indemnify Scorum in respect of any Claim or Loss which may arise from or relate to (i) your purchase or use of the Tokens, (ii) your responsibilities or obligations under these Terms, (iii) your violation of these Terms, or (iv) your violation of any rights of any other person or entity.
- b. The above indemnity:
- extends to Claims incurred or suffered by Scorum's officers, employees, agents or sub-contractors; and
 - extends to and includes all Losses incurred in defending and/or settling any Claims, including legal costs on a full indemnity (solicitor/own-client) basis.

13. DISCLAIMERS

- a. **NO ADVICE.** You agree that Scorum will not provide You with any investment or other advice regarding the suitability of any token sales, including but not limited to the Token Crowdsale, SCR tokens or related investment products. A User will not solicit or rely upon (if given) any such advice from Scorum or any of its employees or agents.
- b. **NO LIABILITY.** You agree to make your own judgments and decisions with respect to the Token Crowdsale, SCR tokens or related product independently and without relying on Scorum. You assume full responsibility for all your investment decisions. Neither Scorum nor any of its employees or agents shall incur any liability in connection therewith.
- c. **NO LIABILITY FOR TECHNICAL ERRORS.** Scorum cannot and shall not guarantee the integrity and security of the Token Crowdsale and SCR tokens. Scorum under no circumstance will assume liability or be held responsible for the technical failure of SCR tokens, which may result in a complete loss of funds and investment.
- d. Neither these Terms nor the Whitepaper constitute a prospectus or offering document, and are not an offer to sell, nor the solicitation of an offer to buy any investment or financial instrument in any jurisdiction. Tokens should not be acquired for speculative or investment purposes with the expectation of making a profit on immediate or future re-sale.

14. EXCLUSION OF LIABILITY

- a. No Scorum will be liable (whether in an action in negligence, contract or tort based on a

warranty or otherwise) for any Loss even if Scorum or its representatives, or any Scorum affiliates are advised of the possibility of such Loss, howsoever caused as a result, directly or indirectly, of or arising from or in connection with:

- your participation in the Token Crowdsale, receiving and holding Tokens;
 - any access, the use of, or inability to access or use, the Website;
 - your reliance on or use of or inability to use the content and information of the Website or any linked website;
 - any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus or line or system failure of the Website or any linked website;
 - the cost of procurement of substitute goods and services resulting from any goods, data, information or services purchased or obtained or messages received or transactions entered into through or from the Website;
 - unauthorised access to or alteration of your transmissions or data;
 - statements or conduct of any third party on the Website; or
 - any other matter relating to the Website.
- b. The limitations set forth in this section will not limit or exclude liability for the gross negligence, fraud or intentional, willful or reckless misconduct of the 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.

15. RELEASE

- a. To the fullest extent permitted by applicable law, You release the 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 participants in the system and the acts or omissions of any third parties.

16. DISPUTE RESOLUTION. ARBITRATION

- a. Any dispute arising out of or in connection with these Terms, including any question regarding their existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause.
- b. The number of arbitrators shall be one.
- c. The seat, or legal place, of arbitration shall be London, the United Kingdom.

- d. The language to be used in the arbitral proceedings shall be English.
- e. Any Dispute arising out of or related to these Terms is personal to You and the 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.

17. GOVERNING LAW

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

18. SEVERABILITY

- a. If any provision of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions, which shall continue in full force and effect.

19. MISCELLANEOUS

- a. All materials, published on the Website or elsewhere, are not binding and do – unless explicitly referred to herein – not form part of these Terms, and are of descriptive nature only.
- b. Scorum and its affiliates 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, including acts of God, labor disputes or other industrial disturbances, electrical, telecommunications, hardware, software or other utility failures, hacker attacks, earthquake, storms or other elements of nature, blockages, embargoes, riots, acts or orders of government, acts of terrorism, or war, changes in Blockchain technology (broadly construed), changes in BTC, ETH or any other Blockchain protocols or any other force outside of our control.
- c. Scorum and the User are independent contractors, and neither party, nor any of their respective affiliates, is an agent for the other for any purpose or of the authority to bind the other.
- d. These Terms do not create any third-party beneficiary rights in any individual or entity.

- e. The User will not assign these Terms, or delegate or sublicense any of your rights under these Terms, without our prior written consent. Any assignment or transfer contrary to these Terms will be void. The Company may assign our rights and obligations under these Terms.
- f. Subject the foregoing, these Terms will be binding upon, and inure the benefit of the parties and their respective successors and assigns. The failure or omission by Scorum to enforce any provision of these Terms will not constitute a present or future waiver of such provision nor limit our right to enforce such provision at a later time.