

## **Spectre Token Sale**

### **Token Sale Agreement**

This **Token Sale Agreement** (the “TSA”) dated as of this effective date, by and between ***Spectre Development Limited***, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns (*hereinafter* referred to as “the Company”), ***a company that is incorporated under the laws of the British Virgin Islands***, with Registration Number 1952564 and principal place of business at 19 Waterfront Drive, Road Town VG1110, Tortolla, British Virgin Islands, and ***You (the person who is accessing the Website and expresses the desire to purchase in the Token sale process)*** which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns (*hereinafter* referred to as “the Purchaser”).

Whereas, Company and Purchaser (*hereinafter* referred together referred to as “the Parties”) desire to enter into a relationship in which the Company will provide Tokens to be used on the Spectre platform developed by the Company, as explained in Agreements defined in Terms and Conditions and explained below, in exchange for consideration which has been fixed as published by the Company on its Website and/or any of the documents which make up the Agreements.

Now, therefore, in consideration of the premises, and of the mutual promises and undertakings herein contained, the Parties, intending to be legally bound, do hereby agree as follows:

- I. This TSA sets forth general rules and procedure of the Generic Spectre Token (‘Token’) Sale by the Website Owner and their purchase by Users. The definitions and terms used in the Agreement will have the meaning assigned to them in the Terms and Conditions (‘T&C’) document.
- II. The parties will agree with all the terms specified in all the Accompanying Documents in addition to the terms specified in the TSA.

#### **A. GENERAL TERMS**

1. Please read all the documents which form the Accompanying Documents as specified in the T&C carefully before participation in this Token Sale. Note that Clause 9 of the T&C contains a binding arbitration clause and class action waiver, which, if applicable to you, affect

your legal rights. If you do not agree to these terms of sale, do not visit the Website and Use the Tokens in any manner and also do not participate in the Sale of the Tokens.

2. The Token is not a financial or securities instrument. It is proprietary software made for mere participatory access to the Spectre platform and certain other limited rights as specified in this document or Accompanying Documents.

3. This TSA is an indication of your understanding that the pre-purchase of Tokens is not in anyway a purchase of equity in/ or debt from the Spectre Development Association Limited., or its associated entities.

4. The Tokens are issued at the sole discretion of the Company on submission of the requisite payment, completion of identification procedure, submission of necessary documents and fulfilment of all terms specified in all documents included in 'Agreements' as specified in Clause 2(d) of the T&C. The Company may refuse to allocate or sell any Tokens even on fulfilment of all conditions without assigning any reason thereof.

B. DISCLAIMER:

1. We have consulted with our legal counsel, and have been advised that our token or its related sale is not considered a security. We are operating as a company selling Tokens that will be used within the Spectre ecosystem. Our platform is a digital platform (not a legal entity) run through a Website as a broker-less financial trading platform with an embedded decentralised liquidity pool, and if we determine that any service offering does fall within the scope of a regulation we will be applying to have it regulated in our respective jurisdiction once the token sale has closed. Our Token is not a security since it is simply a form of payment we will accept on our platform relative to the crowd sale —users have no rights attached to the Token, outside of the participation access provided by ownership of the token and limited rights provided under this TSA or Accompanying Documents. Our platform is separate from the Token, and although offerings on the platform may be classified as securities, regulated commodities, or otherwise, and if determined to be so, the platform will be licensed and regulated accordingly so as to be able to offer such services legally. We intend to offer a service through the platform, and are now accepting prepayment for the service in the usage Tokens, however the Token sale and the platforms features are separate for all sakes and purposes.

2. This is not an investment product. This document does not constitute investment advice or counsel or solicitation for investment in any security and shall not be construed in that way.
3. This document 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, nor for the Tokens.
4. This is not a company share stock/derivative. It is a sale of a digital asset.
5. The purchase price of the Token is quoted in cryptocurrencies only and no determination of value in terms of fiat currency will be made.
6. The payment for the Tokens may be made by Users only in the cryptocurrencies mentioned on the Website and not in any fiat currency in the manner specified in the Website and/or any of the Agreements.
7. The Tokens offer no rights to profits of the Company.
8. The Tokens are not designed or disingenuously devised to acquire stock or money, or any expectation of profits.
9. The Tokens may or may not be listed on various secondary markets for trading, however such trading is incidental and non-consequential to the primary purpose and the actual utility of the Token as specified in the Website and Accompanying Documents.
10. The Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this document, the Spectre whitepaper; the Website; the Agreements; and (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom.
11. Any usage of term “currency” is a general term associated with internal ledger and reward system, built into the Spectre software protocol; as it relates to the internal market value within the Spectre ecosystem. Spectre and its Affiliated Parties expressly disclaim any representation that Spectre seeks to operate as an instrument of interstate commerce, “money”, or monetary instrument regulated by relevant governmental authorities inside or outside of the United States.

12. By purchasing tokens from any country during the sale period and/or using them in connection with the platform (as defined below), you will be bound by this TSA and all terms incorporated by reference.

13. The TSA or any of the Agreements will not be interpreted against one party merely as it was drafted by the party.

14. The Annexures 'A', 'B' and 'C' are integral part of this TSA and should be read together.

15. By clicking on the Required button on the website and/or selecting an option, You agree to the above terms and disclaimers, the Accompanying Documents and the Agreements as is required to receive Spectre Tokens during this Token Sale. You also declare that you are at least 18 (Eighteen) years old, not from a Restricted State and are competent provide valid consent to the same as per the laws applicable to you.

## **Annexure A**

### **Description of Company, Network and Tokens**

#### **1.      *Overview of Company and Affiliates***

The ***Spectre Development Limited*** Ltd, is a business company a company that is incorporated under the laws of the British Virgin Islands, with Registration Number 1952564 and principal place of business at 19 Waterfront Drive, Road Town VG1110, Tortolla, British Virgin Islands.

#### **2.      *Overview of Network and Services***

Spectre is the world's first broker-less, financial trading platform with an embedded, decentralised liquidity pool. Spectre functions on Ethereum blockchain technology and boasts a perpetually growing, tokenized liquidity pool, of which the masses are entitled to an automatic, smart-contract governed dividend pay-out stream if they hold the right Token (SXD). The users of the SXU token are entitled in-platform benefits as described in the company's website.

## **Annexure B**

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

#### **1. *Token Price***

The price will be 1 Ether (ETH) = 2000 SXS Tokens (“**Stem tokens**”) according to the procedures set forth in Section 3 of this **Annexure B**. Company reserves the right to lower the price per Token, at its sole discretion, during the Sale Period.

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

The Company will conduct a token sale (the “**Sale Period**”), which will begin at 12:00pm GMT on 17 November, 2017 (the “**Launch Date**”) and end at 11:59am on the 10<sup>th</sup> of December, 2017 or when 240m tokens have been purchased, whichever is earlier.

If less than 5 million tokens have been sold by the termination of the Sale Period (the “**Minimum Threshold**”), the Ether received from purchasers will be returned to the addresses provided by purchasers upon purchase. In that circumstance, Company will have no further obligations to purchasers, under these Terms or any other agreement, after such purchasers’ Ether is sent to the return address provided.

#### **3. *Procedures for Buying and Receiving Tokens***

To purchase Tokens during the Sale Period, you must have certain token wallets established and operational. Specifically, you must have: (i) an Ethereum wallet if you wish to purchase Tokens using Ether and (ii) an Ethereum wallet that supports the ERC20 token standard in order to receive Tokens that you purchase from the Company. Company reserves the right to prescribe additional guidance regarding specific wallet requirements.

At the Launch Date, Company will make available a web application to facilitate your purchase and receipt of Tokens. If you wish to purchase Tokens, you must enter the token sale portal using the unique login details you have created and there you will be able to see the ETH contribution address. Then you will have to login to your personal wallet and send out the amount of your contribution to the said ETH contribution address. The smart contract will then be activated and you shall receive the tokens (including any corresponding bonus) within a few minutes to your wallet, depending on the time that the transaction will take to be processed by

the blockchain. The Smart Contract System is deployed by Company from the British Virgin Islands, and is programmed so that all transactions it executes will be executed in the British Virgin Islands. As such, title to, and risk of loss of, Tokens delivered by the Smart Contract System passes from Company to purchasers in the British Virgin Islands.

#### **4.      *Tokens to be Sold***

The Company anticipates selling approximately 240 million Tokens during the Sale Period. All Tokens will be of equal value and functionality. During the Sale Period, Company will create one Token in the Company Wallet for each Token it sells.

Therefore, a total maximum of 480 million Tokens can be issued during the time of the token sale for both contributors and Spectre.

#### **5.      *Tokens Retained by Company***

At least 58 % of the tokens retained by the company (the “**Retained Tokens**”) will be placed into time-locked smart contracts and remain in a locked state for at least 6 (six) months. Although it has no plans to do so at this time, the Company reserves the right to burn Retained Tokens at any point during or after the Sale Period.

Over time, the Company currently anticipates using the Retained Tokens to compensate employees (including salaries and non-salary compensation), to fund future development of Spectre and the Network, provide grants to (or purchase equity stakes in) third-parties working on projects in the Spectre ecosystem, donate Tokens to non-profit entities, and support general development of the Spectre ecosystem. These anticipated purposes are listed for illustration only, and Company reserves the right to use Reserved Tokens for these purposes (or others) at its sole discretion.

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

The Ether proceeds from Company's sale of Tokens will be used to compensate technical and non-technical staff, cover marketing costs and operating expenses, and develop technical infrastructure.

Currently, we envision that our development of technical infrastructure will focus on two primary areas. The first area of development involves strengthening and enhancement of our existing Network, Services and related infrastructure, as described in Section 2 of **Annexure A** above ("Overview of Network and Services").

### **Distribution**

The Spectre Tokens will be distributed as follows:

- Token sale: 50%
- Bounties: 5%
- Management: 15%
- Option Pool & M&A Reserve: 20%
- Legal & Advisory: 10%

The envisioned expenditures and areas of development described above are provided for illustrative purposes only, and Company reserves the right to allocate its resources, including proceeds from the sale of Tokens toward such areas of development at its sole discretion.



## **Annexure C**

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

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

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

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

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

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

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

### **3. *Risk of Mining Attacks***

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

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

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

### **5. *Risks Associated with Markets for Tokens***

The Tokens are intended to be used solely within the Network, and Company will not support or otherwise facilitate any secondary trading or external valuation of Tokens. This restricts the contemplated avenues for using Tokens to the provision or receipt of Services, and could therefore create illiquidity risk with respect to the Tokens you hold. Even if secondary trading of Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation.

Furthermore, to the extent that third parties do ascribe an external exchange value to Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

### **6. *Risk of Uninsured Losses***

Unlike bank accounts or accounts at some other financial institutions, Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or

loss of utility value, there is no public insurer, such as the Federal Deposit Insurance Corporation, or private insurance arranged by us, to offer recourse to you.

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

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

## **8. *Risks Arising from Taxation***

The tax characterization of Tokens is uncertain. You must seek your own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

## **9. *Risk of Alternative Networks***

It is possible that alternative networks could be established that utilize the same open source code and protocol underlying the Network and attempt to facilitate services that are materially similar to the Services. The Network may compete with these alternative networks, which could negatively impact the Network and Tokens.

## **10. *Risk of Insufficient Interest in the Network or Distributed Applications***

It is possible that the Network will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development

of distributed ecosystems (such as the Network) more generally. Such a lack of use or interest could negatively impact the development of the Network and therefore the potential utility of Tokens.

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

The Network is still under development and may undergo significant changes over time. Although we intend for the Tokens and Network to follow the specifications set forth in **Annexure A**, and intend to take commercially reasonable steps toward those ends, we may have to make changes to the specifications of the Tokens or Network for any number of legitimate reasons.

This could create the risk that the Tokens or Network, as further developed and maintained, may not meet your expectations at the time of purchase. Furthermore, despite our good faith efforts to develop and maintain the Network, it is still possible that the Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Network and Tokens.

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

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

#### **13. *Risk of Dissolution of the Company or Network***

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether (or other cryptographic and fiat currencies), decrease in the Tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Network may no longer be viable to operate and the Company may dissolve.

#### **14. *Risks Arising from Lack of Governance Rights***

Because Tokens confer no governance rights of any kind with respect to the Network or Company or its corporate affiliates, all decisions involving the Network or Company will be made by Company at its sole discretion, including, but not limited to, decisions to discontinue the Network, to create and sell more Tokens for use in the Network, or to sell or liquidate the Company. These decisions could adversely affect the Network and the Tokens you hold.

#### **15. *Risks Involving Trading Platform***

As the Company provides a service, which is linked to large number of financial transactions and trading on online platforms, the Services may involve the transfer and storage of large amounts of sensitive and/or proprietary information, which may be compromised in the event of a cyber- attack or other malicious activity. Similarly, the Services may be interrupted and files may become temporarily unavailable in the event of such an attack or malicious activity. Because users can use a variety of hardware and software that may interface with the Network, there is the risk that the Services may become unavailable or interrupted based on a failure of interoperability or an inability to integrate these third-party systems and devices that the Company does not control with the Company's Services. The risk that the Services may face increasing interruptions and the Network may face additional security vulnerabilities could adversely affect the Network and therefore the future utility of any Tokens that you hold.

#### **16. *Unanticipated Risks***

Cryptographic tokens such as the Tokens are a new and untested technology. In addition to the risks included in this **Annexure C**, there are other risks associated with your purchase, holding and use of Tokens, including those that the Company cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this **Annexure C**.