

EQUILITY AG SHARE TOKEN TERMS

V1.1 – 15 November 2018

1 INTRODUCTION

Equility AG, Dammstrasse 16, 6300 Zug, Switzerland (the "**Company**") issued its registered shares as uncertificated securities (the "**Shares**") and tied the Shares to tokens (the "**Share Tokens**"). The following terms (the "**Share Token Terms**" or "**Terms**") set out the key terms relating to the Share Tokens, such as transfer and loss thereof, and provide persons with the power to dispose over Share Tokens (the "**Token Holders**") with information about related topics such as the registering of Shares and the exercise of voting and dividend rights.

These Terms may be updated by the Company from time to time in accordance with these Terms. The current version is published on shares.alethena.com (the "**Website**"), and the link to the Website is included in the smart contract governing the Share Tokens. Please check the Website regularly for updates.

2 SCOPE OF SHARE TOKEN TERMS

The board of directors of the Company has adopted these Share Token Terms based on the authorization of the shareholders in the articles of association. These Share Token Terms apply to all Shares that are issued as Share Tokens by the Company and contain binding provisions for all shareholders of the Company relating to the Share Tokens. By holding, using, accepting, owning, transferring or directly or indirectly interacting with the Share Tokens, you explicitly acknowledge and agree to these Share Token Terms, as amended and published on the Website from time to time.

3 CONNECTION BETWEEN SHARES AND SHARE TOKENS

The Company is a stock corporation organised in accordance with the laws of Switzerland, registered in the Swiss Register of Commerce under the company number CHE-460.255.304.

The share capital of the Company consists solely of registered shares with a nominal value of CHF 0.10 per share. There are no dividend certificates, participation certificates or preferred shares. There are no preferential rights for individual share categories.

The Company issued, in accordance with its articles of association, its Shares as uncertificated securities according to Art. 973c of the Swiss Code of Obligations. The owners and usufructuaries of Shares are registered with their names and addresses in the Company's share register (the "**Share Register**"). For each Share registered in the Share Register, the Company has issued one Share Token, which represents the respective Share.

4 TRANSFER OF SHARE TOKENS

4.1 Principle

The Shares are tied to the Share Tokens such that the Shares cannot be transferred without the Share Tokens, and the Share Tokens cannot be transferred without also transferring the right to request the entry in the Share Register as the holder of the respective Shares.

4.2 Transferring Share Tokens, Irreversibility

A Share Token is transferred by transferring the Share Token from one address to a different address on the Blockchain. Share Tokens cannot be transferred by passing on a private key. With the transfer of a Share Token, the Token Holder agrees to the transfer of the Shares to the next Token Holder, subject to approval by the Company as set out in Section 5.2.

The transfer of Share Tokens and Shares is legally effective irrespective of the validity of the underlying obligatory transaction (*abstract effect*). No grounds for invalidity, such as lack of will, material error or withdrawal of consent to the transfer, may be invoked.

4.3 Protection of Good Faith

In case of acquisition of Share Tokens / Shares from unauthorised persons, Art. 29 of the Swiss Federal Intermediated Securities Act applies *mutatis mutandis*, that is:

A person who acquires Share Tokens / Shares in accordance with these Terms for value and in good faith is protected in respect of the acquisition even where the previous Token Holder / shareholder had no authority to transfer the Share Tokens / Shares.

4.4 No Written Form

Neither the transfer of Shares or Share Tokens nor the underlying purchase agreement, if any, require the written form. The Company, as the debtor of the rights embedded in the Shares and the Share Tokens, explicitly agrees to such transfer without written form.

5 SHARE REGISTER

5.1 Principle

Towards the Company, and for the purposes of exercising the rights as a shareholder (such as voting and dividend rights), only the persons registered in the Share Register are the shareholders. Any new Token Holder needs to file a request with the Company in order to register as a shareholder in the Share Register and exercise the rights as a shareholder. The transfer of the Shares or the establishment of a usufruct to the Shares requires the approval of the Company. For the avoidance of doubt, a Token Holder is free to transfer its Share Tokens without having first registered in the Share Register.

5.2 Request Process and Restrictions

In order to request the entry in the Share Register, the Token Holder has to prove that they control the address where the Share Tokens in question are held. In addition, they need to provide basic personal information as per the electronic form provided by the Company or a third party designated by the Company. The Company may, in accordance with its articles of association, refuse entry in the Share Register only if the Token Holder fails to declare (a) that he or she has

acquired the Shares in his own name and for his own account or (b) the beneficial owner of the Shares. **As long as the necessary consent for the transfer of Shares is not granted, the ownership of the Shares and all rights associated therewith remain with the previous shareholder.**

5.3 Updates and Delegation

The Company may delegate the task of validating requests and updating of the Share Register. Name changes and changes of address must be notified to the Company or to the third party designated by the Company.

6 SPECIAL EVENTS

6.1 Principle

In order to mitigate the risk of undesired consequences of tying shares to tokens, the Company may, in its sole discretion, take adequate measures. The details of such measures will be communicated by the Company to its shareholders and, where possible, to Token Holders in a form deemed appropriate by the Company.

6.2 Loss of Share Tokens

The Company includes a '*declare lost*' function in the smart contract governing the Share Tokens to provide a means for Token Holders to reclaim their lost Share Tokens. The current implementation of the '*declare lost*' function has the following key characteristics:

- Anyone can claim that they have lost the private key for a certain address holding Share Tokens (the "**Claimant**"). In order to trigger the function, the Claimant is required to deposit a certain amount of Ether as a safety deposit. The exact amount is proportional to the number of shares that are claimed, where the constant of proportionality, the 'collateral rate', is set in the smart contract by the Company. Initially, an equivalent of 1CHF per lost share needs to be posted but the value in Ether might need to be changed due to a change of share price and/or CHF-ETH exchange rate.
- Claims made are publicly visible in the smart contract and are emitted as 'events' allowing for easy automated tracking. Additionally, the Company will publish claims in adequate form in order for a potential Token Holder to clear malicious claims. It should be noted that due to the pseudonymous nature of Ethereum addresses, Token Holders can only be directly notified if they are registered in the Share Register.
- If no one can prove that they control the address where the lost Share Tokens are held within 6 (six) months of the first publication, the Claimant can independently trigger the 'resolve claim' function which will transfer the Share Tokens in question to a new address indicated by the Claimant and refunds the deposited amount to the Claimant. The company can change the waiting period, but the smart contract enforces a minimum value of 90 days.
- If someone other than the Claimant can prove ownership of the address in question, they can trigger the 'clear claim' function in the smart contract which deletes the claim and transfers the deposit amount to the rightful owner of the Share Tokens.

- The Company can manually delete a claim, for example in case a fraudulent or faulty claim is made. In this case, the deposit will be refunded to the Claimant.

However, the company does not have the power to forcefully transfer shares not held by the company.

6.3 Hard Fork

In case of a split of the underlying blockchain (hard fork), the Company decides, at its own discretion, which version of the blockchain will be supported for the Share Tokens. The smart contract will be continued in one chain only and in all other versions of the chain it will be 'paused', i.e. no transactions can be made anymore.

6.4 Share Splits, Changes in Share Capital

The Company may issue further Share Tokens or decrease and increase the total supply of Share Tokens in order to, e.g., reflect a split of Shares or a change in the share capital.

6.5 Legal Invalidity of Transfer; Assignment

The concept of shares that are tied to tokens is untested under Swiss law and the transfer of Share Tokens may not be a legally valid transfer of Shares (see risk factors below for details). In case the transfer of Shares tied to Share Tokens is held to be invalid by a competent authority, the initial shareholders of the Shares have signed an assignment of their Shares to a subsequent Token Holder as a safeguard to mitigate the risk of unwanted consequences of such events.

6.6 Chain of Ownership

Token Holders are free to transfer the Share Tokens without first registering in the Share Register. In such cases, the Company will base the chain of ownership on the first-in first-out principle. As a sample: Assume that B and C are registered in the Share Register holding 5 Shares each. A then first buys B's 5 Share Tokens and then C's 5 Share Tokens. A, without registering, then sells 5 Share Tokens to D. D requests to register as a owner of 5 Shares. The Company will update the Share Register and subtract 5 Shares from B (as the first seller to A) and add 5 Shares to D. C remains registered with 5 Shares until A (or a subsequent buyer of Share Tokens) registers.

6.7 Governance Considerations

The board of directors of the Company needs to approve all actions relating to the smart contract such as for example minting, unminting, or deleting claims. The Company implements several layers of measures to ensure that interaction with the smart contract can only happen at the explicit request of the board. There is a fallback strategy in case of a security breach of the owner account.

7 AMENDMENTS & NOTICES

Within the framework of the statutory requirements, the Company is free to convert the Shares tied to Share Tokens into another form at any time and without the consent of the shareholders or the Token Holders. The Company bears its own costs for this. The Company may also change specific functionalities of the Share Tokens (by pausing the current smart contract and deploying an updated version) as well as these Share Token Terms.

Any changes to the form of the Shares, the Share Tokens or these Share Token Terms will be communicated to the shareholders and, where possible, to the Token Holders in a form deemed appropriate by the Company. The most recent version of the Share Token Terms will be published on the Website.

8 EXCLUSION OF REPRESENTATIONS / LIABILITY

To the extent permitted by law, all representations and warranties with regard to the Shares and the Share Tokens and any liability by the Company or any person acting on behalf of the Company with regard thereto are herewith excluded. In particular, and without limiting the foregoing, the Token Holder acknowledges and agrees that the Company is not representing or warranting the validity of the transfer of Shares by way of transfer of Share Tokens. The Token Holder herewith waives any and all claims related to misrepresentations or breaches of warranties it may have under the applicable law.

9 TAXES

The Token Holder bears the sole responsibility to determine if their purchase of the Share Tokens, the potential appreciation or depreciation in the Share Tokens over time, the sale and purchase of Share Tokens and/or any other action or transaction related to the Share Tokens has tax implications for the Token Holder.

10 GENERAL PROVISIONS

10.1 Severability / Good Faith

Should any part or provision of these Terms be held to be invalid by any competent court, governmental or administrative authority having jurisdiction, the other provisions of these Terms shall nonetheless remain valid. In this case, the Company shall dictate a substitute provision that best reflects the economic intentions without being unenforceable and shall execute all agreements and documents required in this connection. The same shall apply if and to the extent that these Terms are found to contain any gaps or omissions.

10.2 Governing Law and Jurisdiction

These Terms shall be governed by and construed in accordance with the substantive laws of Switzerland.

All disputes arising out of or in connection with the present Terms, including disputes on its conclusion, binding effect, amendment and termination, shall be resolved by the ordinary courts in Zug, Switzerland.

11 RISK FACTORS OF THE SHARE TOKENS

11.1 General Risks

Purchasing Share Tokens may offer an opportunity for capital gains but also entail a high degree of business and financial risks, including the possibility of a complete loss of the investment. This document does not represent any solicitation for the purchase or sale of Share Tokens. Instead,

each purchaser is requested to engage in his own independent research and make his own decisions with respect to the purchase of Share Tokens. It is assumed that prospective Token Holders, to the extent necessary, consult a lawyer, accountant, and/or tax professional to evaluate the risks entailed.

The risks described herein are not the only risks that come into question and are by no means intended to represent a comprehensive list. Potential purchasers should be aware that buying Share Tokens may also be exposed to other risks of another nature. The order in which the individual risks were chosen to be presented does not provide any indication of the probability of occurrence or the seriousness or importance of the individual risks or their impact in the event that they occur. Additional risks that are not business-specific and that are not yet currently known to the Company or that the Company does not currently deem to be relevant may likewise have an impact.

Prospective Token Holders should ensure that they fully understand the nature of the Share Tokens and the extent of their exposure to risks and they should consider the suitability of the Share Tokens as an investment in the light of their own circumstances and financial condition.

The Share Tokens involve a high degree of risk, including the potential risk of expiring worthless. Potential investors should be prepared in certain circumstances to sustain a total loss of the capital invested to purchase the Share Tokens.

11.2 Regulatory Risk

The blockchain technology allows new forms of interaction and it is possible that certain jurisdictions will apply existing regulations on or introduce new regulations addressing blockchain technology-based applications which may be contrary to the current setup of the Share Tokens. This may, inter alia, result in substantial modifications of the Share Tokens including its loss.

11.3 Operational and IT Risks

The smart-contract concept on which the Share Tokens are built and the blockchain technology in general are still in an early development stage and unproven, therefore there is no warranty that the process of creating, receiving, holding, using and storing Share Tokens will be uninterrupted or error-free and there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of Share Tokens. Furthermore, it is possible that there may take place hacking attacks and other unexpected activities which could result in the theft or loss of Share Tokens. Moreover, the underlying protocol may be subject to future changes and unforeseen problems which can affect the proper functioning of the smart-contract and cannot be influenced by the Issuer.

In particular, blockchains are susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, timestamp manipulation, and race condition attacks. Any successful attacks present a risk to the Share Tokens, expected proper execution and sequencing of transactions in Share Tokens, and expected proper execution and sequencing of contract computations and may result in the loss of Share Tokens.

In some applications it may be desirable to use a smart contract to autonomously manage Share Tokens. Depending on the precise implementation, this could lead to a situation where a malicious

claim on the Share Tokens held by the contract address cannot be cleared by the rightful owner. The Company cannot be held liable for loss of tokens resulting from incompatible implementation of third-party smart contracts.

11.4 Loss of Keys

Share Tokens may be lost or become inaccessible in particular if the holder of Share Tokens loses the respective private key to their Share Tokens or due to malfunctioning or incompatibilities of the wallet in which the Share Tokens are stored. This could also lead to the loss of the Share Tokens. Moreover, it is the responsibility of the Token Holder not to lose the key or password that allows access to the wallet. The Company cannot be held liable for any loss of Share Tokens and/or other damages incurred by a Token Holder as a result of the loss of the private key or some other password.

11.5 Risk of Invalid Transfer

Shares and Share Tokens are uncertificated securities according to Swiss law and a portion of legal scholars argue that their legally valid transfer requires a *written* declaration of assignment according to Art. 973c para 4 CO. If Share Tokens are transferred without adherence to this requirement, the transfer of Share Tokens may not be legally valid and/or enforceable and the record on the blockchain may not provide legal ownership.

Moreover, the legal qualification of cryptographic tokens and blockchain based systems as well as their transfer may not be clear in other jurisdictions. This is why the valid and/or enforceable transfer may depend on applicable law in each jurisdiction.