

06 August 2018


LEGAL OPINION

**FINANCIAL REGULATORY ISSUES ARISING FROM
THE OFFERING OF TOKENS**

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6 August 2018

Pibble Pte. Ltd.
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Dear Sirs

Financial Regulatory Issues arising from the offering of Tokens

We understand that Pibble Pte. Ltd. ("**Pibble**"), a company incorporated in Singapore, is developing its own cryptocurrency, PIBBLE (the "**Tokens**") using blockchain technology and planning to undertake a token offering ("**Token Offering**") via the offer of the Tokens to persons within and outside Singapore. Pibble would like advice on whether the Tokens constitute "securities" under Singapore securities laws and therefore whether there are any financial regulatory implications to marketing/selling their Tokens into Singapore.

This advice is confined to matters of Singapore law, as applied by the courts of Singapore, as at the date of this advice and is given on the basis that it will be governed by and construed in accordance with such laws. We have made no investigation of, and do not express or imply any views on the laws of any jurisdiction other than Singapore. We have assumed that there is nothing under the laws of any country other than Singapore which affects this advice.

The laws and regulations, or judicial or administrative interpretations thereof, referred to in this advice may change at any time and from time to time, and such changes, which may be prospective or retrospective, may affect the conclusions reached in this advice. We will not be responsible to carry out any review or update this advice for any subsequent changes to any relevant laws or regulations, or judicial or administrative interpretations thereof, unless we are specifically engaged to do so.

In providing this advice, we have assumed the correctness of the factual matters referred to in this advice and have made no investigation or verification of any factual matter(s) contained herein. We assume that there are no other facts that are relevant other than those which are stated in this advice. Further, we do not express or imply any views on the correctness of any factual matter(s) referred to herein. Apart from the documents listed at paragraph 1.1 below, we have not reviewed any agreements (or other documents) relating to the Token Offering.

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Adrian Ang

This advice is addressed to Pibble solely for the benefit of Pibble and it is not to be relied upon by any other person or for any other purpose or quoted or referred to in any public document or filed with any governmental agency or other person without our prior written consent, save that this opinion may be shared with (but not relied on by) Coinsuper, for the sole purpose of Coinsuper's evaluation of the initial listing of the Tokens.

The scope of our advice is limited to the matters set out expressly in this advice, and our advice must not be read as extending, by implication or otherwise, to any other matter. The views expressed in this advice are solely our views as to the issues expressly dealt with in this advice. Our advice does not constitute an assurance, guarantee or warranty that the Singapore regulatory authorities or Singapore Courts would necessarily agree with the views stated in this advice or that any challenge would not be made or would necessarily fail. This advice is not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed by any applicable law.

Apart from the advice on financial regulatory issues arising from the question posed by you, we have not advised on any other areas of law, including but not limited to tax law, privacy and data protection laws and issues relating to the licensing of information technology, intellectual property, money laundering and countering the financing of terrorism.

We highlight that there are various other issues which Pibble should consider in implementing the PIBBLE ecosystem, which we have not discussed in this advice. These issues will be affected by intellectual property and other laws in Singapore and elsewhere in the world. Some examples of these issues include: (i) how Pibble will ensure that the "image creators" actually own the relevant subject matter such that Pibble may licence out the relevant subject matter; and (ii) how Pibble will ensure that relevant releases have been obtained (especially where Pibble intends to permit all types of images/video stills to be uploaded).

In summary, we believe that under Singapore law, the Tokens (when issued) are unlikely to be construed as "securities" under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Consequently, the Licensing Issue and the Prospectus Issue (as such terms are defined below) should not apply. In addition, the Tokens themselves and the Token circulation system are unlikely to be construed as a "stored value facility" or a "payment system" under the Payment Systems (Oversight) Act, Chapter 22A of Singapore ("PSOA").

1. Description of Token Offering

- 1.1 We have sighted the draft white paper (version EN 1.6), downloaded from Pibble's website on 6 August 2018 (the "**White Paper**"), as attached at Annex 1.
- 1.2 Based on the White Paper, we understand that the proposed Token Offering will be as follows:
 - 1.2.1 Under the Token Offering, Pibble seeks to raise funds for the development and roll-out of a blockchain-based image sharing ecosystem integrated with a social media sharing platform (the "**Platform**").
 - 1.2.2 Users will upload images onto the Platform and get paid in Tokens for their uploads. The users can include individuals as well as commercial parties. In addition, participants on the Platform can get rewarded with the Tokens for performing certain

actions such as liking and commenting on images, or curating content on the Platform.

- 1.2.3 The Platform will also provide P2P commerce for posting of items that can be sold through the Platform. Tokens can be used to pay for items between users in P2P commerce. The Tokens can also be used to fund crowdfunding projects on the Platform. However, we understand that this crowdfunding function will not be offered to users in Singapore (i.e. persons in Singapore cannot donate to crowdfunded projects or set up a crowdfunding project to receive donations).
- 1.2.4 There is also a separate reward points system, Pibble Brush. We understand that Pibble Brush is split into Red Brush and Green Brush, where the Red Brush can be used within the Platform like the Tokens, including being converted into Tokens and used to purchase products. We have assumed here that Pibble Brush is not pegged to any fixed monetary value and cannot be converted to Fiat directly.
- 1.2.5 The Platform also provides an escrow service that holds the Tokens on escrow so that transactions that involve the Tokens can be made securely, upon delivery of the goods. We also note that there is a Wallet function available on the Platform.
- 1.3 We have assumed that the Wallet will only store the Tokens and Pibble Brush, and will not store Fiat. Should the Wallet store other cryptocurrencies besides the Tokens, we have assumed that all such cryptocurrencies will not display any of the characteristics set out in paragraphs 3.4 to 3.10 (i.e. all such cryptocurrencies are not "securities" under the SFA), do not represent tokenised assets, are not denominated in Fiat and/or do not represent a claim against the issuer of the cryptocurrency. We have assumed that Pibble and/or the Platform does not facilitate the transmission of Fiat on behalf of its users or other third parties and that the Platform will not facilitate the sale of illegal products and services and where such products and services are sold through the Platform, the relevant licences and approvals have been obtained and notifications made.

2. Prospectus and Licensing issues surrounding a Token Offering

- 2.1 A typical Token Offering raises two potential regulatory issues under the SFA – (i) prospectus registration requirements for an offer of securities (to persons in Singapore) (the "**Prospectus Issue**") and (ii) licensing issues for dealing in securities (the "**Licensing Issue**"). Whether the Prospectus Issue and the Licensing Issue will apply to the Token Offering will depend on whether the Token is construed as a "security" under the SFA.

Prospectus Issue

- 2.2 Prima facie, an offer of securities to persons in Singapore triggers prospectus registration requirements under the SFA. The SFA does provide for exemptions from prospectus registration requirements but these exemptions are not likely to be practical in the context of a Token Offering. We set out below some of the main exemptions and an explanation on the difficulties in using such prospectus registration exemptions:
 - 2.2.1 Small Offerings: the law provides for a small offering exemption. However, the exemption is fairly restrictive in nature in that the total amount raised by the person from such offers within any period of 12 months cannot exceed \$5 million (or its

equivalent in a foreign currency). In addition, there are restrictions on advertising the offer which tend to be inconsistent with a typical Token Offering.

- 2.2.2 Private Placement: the prospectus registration requirements do not apply where offers of securities are made to no more than 50 persons (including persons to whom offering materials relating to the securities are distributed but who do not subscribe for the securities) in any 12 month offer period. In practice, this exemption is restrictive, since "closely related offers" to persons in Singapore within a 12 month period in reliance on the private placement exemption must be aggregated in determining the 50 person limit. In addition, there are restrictions on advertising the offer and the offer may only be made to 50 persons, something that is generally not consistent with a typical Token Offering where the offering is made to the world at large.
- 2.2.3 Institutional Investor Offering: the SFA provides that the prospectus registration requirements do not apply where the offer of securities is made only to institutional investors (i.e. licensed financial institutions, the Government, statutory boards, pension funds and collective investment schemes ("CIS")). This is not consistent with a typical Token Offering where the offering is generally made to the world at large.
- 2.2.4 Accredited Investor Offering: the SFA provides that the prospectus registration requirements do not apply where interests in securities are offered to *inter alia*, "accredited investors" (i.e. sophisticated investors) or persons who acquire such securities as principal for a minimum consideration per transaction of not less than S\$200,000 or its equivalent in a foreign currency. This is not consistent with a typical Token Offering where the offering is generally made to the world at large.
- 2.3 If the Tokens are not construed as "securities" under the SFA and/or if the Tokens are not offered to persons in Singapore, the Prospectus Issue will not apply.

Licensing Issue

- 2.4 Under the SFA, no person shall, whether as principal or agent, carry on business in any regulated activity or hold himself out as carrying on such business unless he is the holder of a capital markets services licence ("CMSL") for that regulated activity (e.g. "dealing in securities"). "Dealing in securities" means (whether as principal or agent) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into any agreement for or with a view to acquiring, disposing of, subscribing for, or underwriting securities. The undertaking of the Token Offering could be construed as "dealing in securities" (assuming that the Tokens are construed as "securities" under the SFA), triggering licensing requirements under the SFA.
- 2.5 The Second Schedule of the Securities and Futures (Licensing and Conduct of Business) Regulations provides for certain licensing exemptions for "dealing in securities". However, we believe that these exemptions are not likely to be practical in the context of a Token Offering. There is a licensing exemption if Pibble carries on the business of "dealing in securities" for its own account or an account belonging to and maintained wholly for the benefit of a related corporation, with or through (i) the holder of a capital markets services

licence to deal in securities, (ii) a licensed bank in Singapore, (iii) an approved merchant bank in Singapore, (iv) a bank licensed, registered, approved or otherwise regulated under the laws of a jurisdiction outside Singapore to conduct banking business, but only in relation to securities that are not quoted on a securities exchange, (v) a corporation or firm licensed or registered to carry on business in dealing in securities under the laws of a jurisdiction outside Singapore, but only in relation to securities that are not quoted on a securities exchange. We believe that in the context of a Token Offering, Pibble is unlikely to engage a financial institution to handle its Token Offering for practical reasons and that Pibble has no plans to do so.

3. Categorisation of a Token

3.1 Following on from the analysis of the Licensing Issue, consideration would need to be made as to whether a Token would be construed as a "security" under the SFA.

3.2 Prior to proceeding with the analysis, we note that in March 2014, the Monetary Authority of Singapore ("MAS") said that it would regulate virtual currency intermediaries in Singapore to address potential money laundering and terrorist financing (ML/TF) risks. MAS subsequently said that it would be working on the proposed regulations to be introduced for virtual currency intermediaries operating in Singapore. The proposed regulations would be available at the MAS website for public consultation when ready. More significantly, MAS said that, *"Singapore, like most jurisdictions, does not regulate virtual currencies per se, as these are not considered as securities or legal tender. MAS' regulation of virtual currency intermediaries pertains specifically to the money laundering and terrorist financing risks they pose. It does not extend to the safety and soundness of virtual currency intermediaries nor the proper functioning of virtual currency transactions. Investors in virtual currencies will not have the safeguards that investors in securities enjoy under the Securities and Futures Act and the Financial Advisers Act"*.

3.3 We have discussed the above statement with MAS on a "no-names" basis and MAS has said that the statement referred to virtual currencies that do not have similar characteristics as securities. These virtual currencies could be used to pay for goods and services but would not have additional rights attached to them. Where additional rights are attached to a Token, there is a risk that the Token may be construed as a "security" under the SFA. On 1 August 2017, MAS released a statement in which it stated that, *"the offer or issue of digital tokens in Singapore will be regulated by MAS if the digital tokens constitute products regulated under the SFA....MAS' position of not regulating virtual currencies is similar to that of most jurisdictions. However, MAS has observed that the function of digital tokens has evolved beyond just being a virtual currency. For example, digital tokens may represent ownership or a security interest over an issuer's assets or property. Such tokens may therefore be considered an offer of shares or units in a collective investment scheme under the SFA. Digital tokens may also represent a debt owed by an issuer and be considered a debenture under the SFA. Where digital tokens fall within the definition of securities in the SFA, issuers of such tokens would be required to lodge and register a prospectus with MAS prior to the offer of such tokens, unless exempted. Issuers or intermediaries of such tokens would also be subject to licensing requirements under the SFA and Financial Advisers Act (Cap. 110), unless exempted, and the applicable requirements on anti-money laundering and countering the financing of terrorism. In addition, platforms facilitating secondary trading*

of such tokens would also have to be approved or recognised by MAS as an approved exchange or recognised market operator respectively under the SFA". This position is reflected in MAS' "A Guide to Digital Token Offerings" issued on 14 November 2017.

3.4 There are two definitions of the term "securities" under the SFA. For the purposes of the Licensing Issue, the term "securities" means:

- 3.4.1 debentures or stocks issued or proposed to be issued by a government;
- 3.4.2 debentures (includes any debenture stock, bond, note and any other debt securities issued by a corporation or any other entity, whether constituting a charge or not, on the assets of the issuer), bonds (includes notes, bonds and Treasury Bills, as well as options in respect of these instruments and convertible bonds), stocks or shares issued or proposed to be issued by a corporation or body unincorporate;
- 3.4.3 any right, option or derivative in respect of any such debentures, stocks or shares;
- 3.4.4 any right under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in (i) the value or price of any such debentures, stocks or shares, (ii) the value or price of any group of any such debentures, stocks or shares, or (iii) an index of any such debentures, stocks or shares;
- 3.4.5 any unit in a CIS;
- 3.4.6 any unit in a business trust;
- 3.4.7 any derivative of a unit in a business trust; or
- 3.4.8 such other product or class of products as MAS may prescribe.

The term "securities" excludes futures contracts, bills of exchange, promissory notes, certificates of deposit issued by a bank or finance company.

3.5 For the purposes of the Prospectus Issue, the term "securities" means:

- 3.5.1 shares or units of shares of a corporation;
- 3.5.2 debentures (includes debenture stock, bonds, notes and any other debt securities issued by a corporation or any other entity, whether or not constituting a charge on the assets of the issuer but does not include (i) a cheque, letter of credit, order for the payment of money or bill of exchange, (ii) a promissory note having a face value of not less than \$100,000 and having a maturity period of not more than 12 months) or units of debentures of an entity;
- 3.5.3 interests in a limited partnership or limited liability partnership formed in Singapore or elsewhere; or
- 3.5.4 such other product or class of products as MAS may prescribe.

3.6 Notwithstanding the slightly different definitions of the term "securities" under the SFA, we would consider the most expansive (combined) definition of the term in determining whether the Token should be categorised as a "security".

- 3.7 Extrapolating from the respective definitions of "securities" set out above, we have identified characteristics that the various financial products that form the definitions of "securities" display. Assuming that the Token does not fall squarely within any of the financial instruments set out in the definitions of securities, we believe that a Token with one or more of the following characteristics (which is not exhaustive) nonetheless runs the risk of being construed as a "security" under the SFA:
- 3.7.1 the Token provides the holder with ownership interest in a legal entity such as a private limited company or an unincorporated body such as a limited partnership;
 - 3.7.2 the Token provides the holder with an interest in underlying securities (including equity, shares or debentures);
 - 3.7.3 the Token provides the holder with a direct or indirect exposure to underlying profits and/or losses, or assets and/or liabilities;
 - 3.7.4 the Token provides the holder with a payment of interest;
 - 3.7.5 Pibble has a legal obligation to repay the holder for his purchase of the Token or the holder has a legal right to sell the Token to Pibble, such that the holder may potentially receive a "financial benefit"; and
 - 3.7.6 the Token has a feature that allows the holder to convert a Token into another token with characteristics set out above or otherwise grants the holder an option to purchase securities.
- 3.8 In relation to paragraph 3.7.5, we note that MAS issued a Consultation Paper on Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets (July 2014). MAS said that it, *"has noted a number of non-conventional products and schemes being offered to consumers as alternative investments. Some of these products exhibit essentially the same characteristics as regulated capital markets products, but are deliberately structured in a way that takes them outside the regulatory perimeter of the SFA and FAA. Accordingly, MAS is proposing to subject the offer and distribution of products and schemes that exhibit similar features as regulated capital markets products to the same treatment under the SFA and FAA".*
- 3.9 In the context of considering buy-back arrangements involving gold, silver or platinum, MAS has said that, *"If in essence the agreement between the parties is that funds made available will be repaid with interest at the end of the entire arrangement, and the transfer of ownership of the investment precious metal under the arrangement is for security and not consumption purposes, the arrangement is in effect a debt obligation and the interests of the parties regarded as that of an "investor" and securities "issuer"....Such transactions essentially pose to "investors" risks that are similar to those in a collateralised debt obligation, where the "investor" takes on the credit risk of the "issuer". Consequently, such "issuers" should similarly be subject to regulation. MAS therefore proposes to prescribe and regulate as debentures arrangements which involve:*
- (i) *Party A purchasing precious metals of gold, silver or platinum ("asset") from Party B for an agreed sum of money or money's worth;*

- (ii) *Party B being under an obligation to purchase the asset back from Party A at a future time; and*
 - (iii) *The purpose or effect of the arrangement is to enable Party A to receive a financial benefit from Party B."*
- 3.10 MAS has said that the right to receive a "financial benefit" must be agreed upon at the point in time that the parties enter into the agreement although the actual amount received may vary according to pre-determined factors (including where the pre-determined factors move against Party A such that at the end of the transaction, Party A is in a net financial loss position). We would adopt a similar position when considering whether the Tokens should be construed as "securities" under the SFA.
- 3.11 Following on from the above and based on the White Paper, we believe that the risk that the Tokens are construed as "securities" under the SFA will be low on the basis that:
- 3.11.1 the Tokens are essentially to be "consumed" by the holder by way of being used to pay for products and images within the Platform;
 - 3.11.2 the Tokens do not fall squarely within any of the financial instruments set out in the definitions of securities under the SFA; and
 - 3.11.3 the Tokens exhibit none of the characteristics set out in paragraph 3.7.
- Following on from the above, on the basis that the Tokens are not construed as "securities" under the SFA, the Licensing Issue and the Prospectus Issue should not apply given the circumstances described above.

4. Practical issues that may arise in a Token Offering

Stored Value Facility

- 4.1 There is a risk that the Tokens may be construed as a "stored value facility" ("**SVF**") under the PSOA. There are no licensing requirements that are triggered but Pibble may need to provide notice to MAS of the commencement of such a facility or seek approval from MAS to operate such a facility.
- 4.2 Under the PSOA, "stored value", in relation to a SVF, means, "*the sum of money that - (a) has been paid in advance for goods or services intended to be purchased through the use of the stored value facility, (b) is available for use from time to time for making payment under the terms and conditions applying to the stored value facility and (c) is held by the holder of the stored value facility*". The term "stored value facility" is in turn defined as, "*(i) a facility (other than cash), whether in physical or electronic form, which is purchased or otherwise acquired by a person (i.e. a user) to be used as a means of making payment for goods or services up to the amount of the stored value that is available for use under the terms and conditions applying to the facility, and payment for the goods or services is made by the holder of the stored value in respect of the facility (rather than by the user) or (ii) all the facilities referred to in (i) provided under the same terms and conditions*". The "holder" in relation to a stored value facility, means "*the person who holds the stored value and makes payment for goods or services referred to in the definition of "stored value facility"*".

- 4.3 If the Tokens are construed as a SVF, Pibble may need to comply with certain parts of the PSOA and its related regulations that govern the issuance and management of SVFs. It is not clear if Pibble accepted Fiat or other cryptocurrencies as payment for the Tokens in the Token Offering. The Tokens should not be construed as an SVF if Pibble did not accept Fiat as payment for the Tokens and only accepted cryptocurrencies such as Bitcoin and Ethereum. While it is possible that the Tokens may be construed as an SVF when Pibble accepted Fiat for the Tokens, we believe that the better view is that it should not. The Fiat paid by the users is for the purchase of the Tokens itself and the Tokens do not purport to store the value of Fiat paid, for the purchase of goods and services. The value of the Tokens is not fixed to the Fiat paid and may fluctuate according to market conditions. We note that MAS has recently consulted on the Payment Services Bill and under the bill, facilities with similar characteristics as the Token will not be regulated as "account issuance services" (the proposed terminology that is meant to supersede "SVFs"). This may suggest that as a policy position, MAS does not intend to regulate tokens with characteristics similar to the Token.
- 4.4. Pibble will need to ensure that the Tokens complies with all relevant laws and regulations pertaining to money laundering and terrorist financing, in particular the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Chapter 84A of Singapore, and Terrorism (Suppression of Financing) Act, Chapter 325 of Singapore.

Payment System

- 4.5 The PSOA grants MAS certain powers in relation to "payment systems". A "payment system" is defined to mean: *"a funds transfer system or other system that facilitates the circulation of money, and includes any instruments and procedures that relate to the system"*. *Prima facie*, Pibble facilitating the usage of the Tokens to pay for usage of images or the transfer of Tokens may be construed as a "payment system" under the PSOA. The PSOA grants MAS the power to designate certain payment systems as "designated payment systems". MAS may designate a "payment system" as a "designated Payment System" if a disruption in the operations of the payment system could trigger, cause or transmit further disruption to participants or systemic disruption to the financial system of Singapore, a disruption in the operations of the payment system could affect public confidence in payment systems or the financial system of Singapore or it is otherwise in the interests of the public to do so. MAS has oversight powers over "designated payment systems" and such systems have to comply with certain on-going obligations. Examples of "designated payment systems" are the SGD cheque clearing system and USD cheque clearing system, Interbank GIRO and NETS EFTPOS system (a debit card system). Based on the above we would think that it is unlikely that the Token circulation system will be designated as a "designated payment system".
- 4.6 Even though it is unlikely that the Token circulation system will be designated a "designated payment system", there is a possibility that the Token circulation system may be construed as a "payment system" under the PSOA. MAS has certain information gathering powers in relation to payment systems. For example, MAS may, by notice require any operator of a payment system to provide to MAS, within a reasonable period specified in the notice, all such information relating to the payment system as may be required by MAS. MAS may also require operators of payment systems to provide, whether in the form of a return to be provided on a periodic basis or otherwise information relating to the operation of the

payment system, the pricing of, or other form of consideration for, the services offered by the payment system and information relating to the participation or other involvement of that person in the payment system (as well as such other information as MAS may require for the purposes of the PSOA).

- 4.7 On the basis that the Tokens are not Fiat, we believe that the above payment system requirements will probably not apply to the Token circulation system. This is on the basis that a payment system is defined as a system that facilitates the circulation of "money", which we take to mean "Fiat".

5. Trust business issues

- 5.1 The escrow service may trigger licensing requirements for "trust business" under the Trust Companies Act, Chapter 336 of Singapore (the "TCA"). The following businesses will constitute "trust business" for the purposes of the TCA:

- (a) the provision of services with respect to the creation of an express trust;
- (b) acting as trustee in relation to an express trust;
- (c) arranging for any person to act as trustee in respect of an express trust;
- (d) the provision of trust administration services in relation to an express trust.

- 5.2 We have assumed that the escrow service is done pursuant to a clause in the user agreement that all users have to accept when they sign up for the Platform. In this respect, Pibble may be regarded as acting as trustee in relation to an express trust when it holds the Tokens in escrow pending delivery of goods.

- 5.3 We assume that Pibble will not have any authority to deal with the Tokens that it is holding in escrow on behalf of the buyer (who is paying in the Tokens), except to release the Tokens to the seller of the products, or refund the Tokens to the buyer if the transaction falls through. On that basis, Pibble will be a "bare trustee" (i.e. a trustee who has a nominal interest in the subject matter of a trust), and should be exempt from licensing under the TCA.

Yours faithfully



Allen & Gledhill LLP



Legal Opinion
prepared by:



Adrian Ang

Annex 1
White Paper



BLOCKCHAIN BASED

MONETIZED IMAGE ECOSYSTEM

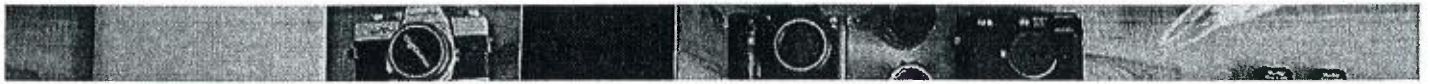
July 2018





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1. Abstract

Nowadays, so-called "shared" files are being used freely without any monetary compensation - PIBBLE questions whether everyone had agreed to this?

Ever since Napster enabled music files to be freely shared in 1999, digital content-related technologies easily enabled sharing music, and even video files without damaging or compromising the original. Also, when Apple released the iPhone 3G to the world in 2008, a camera was essentially put in everyone's hands, and photos taken by ordinary people became one of the most popular contents.

However, despite such rapid developments, the image market has yet to be institutionalized. In the typical image market ecosystem known as the 'social image market', there are hardly any rightful rewards provided to users and their creations. Instead, most of the profits are directed towards platform providers. In addition, there are fewer opportunities for professional creators and aspiring indie groups.

The PIBBLE project represents the interests of the following groups of people:

1. Individuals who are leading the quantitative image market through the sharing of images and videos in social media;
2. Entertainers whose portrait rights connects directly to their branding value;
3. Experts in the stock image market, or the traditional paid image market that needs a change; and
4. Indie artists who are aspiring to pursue dreams of creation and develop them into careers.

While allowing groups above to communicate with each other within the PIBBLE Ecosystem, PIBBLE aims to reorganize the existing market so that each group member in the ecosystem may be properly compensated for the images and works they have created. To do this, the PIBBLE project is planning on developing a decentralized marketplace based on blockchain, while building an incentivized ecosystem, in which the more users share and participate, the more they get rewarded.

The PIBBLE project, a decentralized and shared platform that protects the value of the creations aims to challenge the status quo in which most of the users don't recognize that the images they upload daily on social media such as Facebook, Instagram, etc. can be a great asset to them.



By developing a decentralized image market through a cryptocurrency called PIBBLE, we aim to create a blockchain based image ecosystem which can allow images to be circulated and distributed on the PIBBLE market platform.

2. Image Market

2.1. PIBBLE Project Target

We are living in an 'image culture' which is being newly created through ongoing social media activities. Standing in a 'visual superiority zone', we share our perspectives with others through pictures and gifs rather than speech or words.

The PIBBLE project starts with such popular images. PIBBLE is a blockchain-based cryptocurrency that brings together image creators and consumers, compensating them for the work they create, use and enjoy. The types of images that the PIBBLE project handles are not only a picture or a stock image, but also various kinds of images such as cartoons, characters, illustrations, graphics, pictures of entertainers (including singers, actors, etc.) and video stills.

The users in the PIBBLE project are comprised mostly of ordinary individuals that do not have clear concepts of portrait rights, but it also includes entertainer groups who have a difficult time exercising their portrait rights online, expert groups who had been managing business through images, as well as indie groups who have had little opportunity to have their creations valued.

| | |
|---------------------|--------------------------------------------------|
| All Users Group | Normal User Pictures, Celebrity Pictures |
| Indie Creator Group | Cartoon, Character, Illustration, Picture, Works |
| Professional Group | Stock Image |

< Figure 1: PIBBLE Target User group >

Creators in the PIBBLE Project will receive rightful rewards for their work, and this will be done through building a blockchain based image ecosystem.

This will be achieved by creating a community ecosystem where anyone can participate and rewards

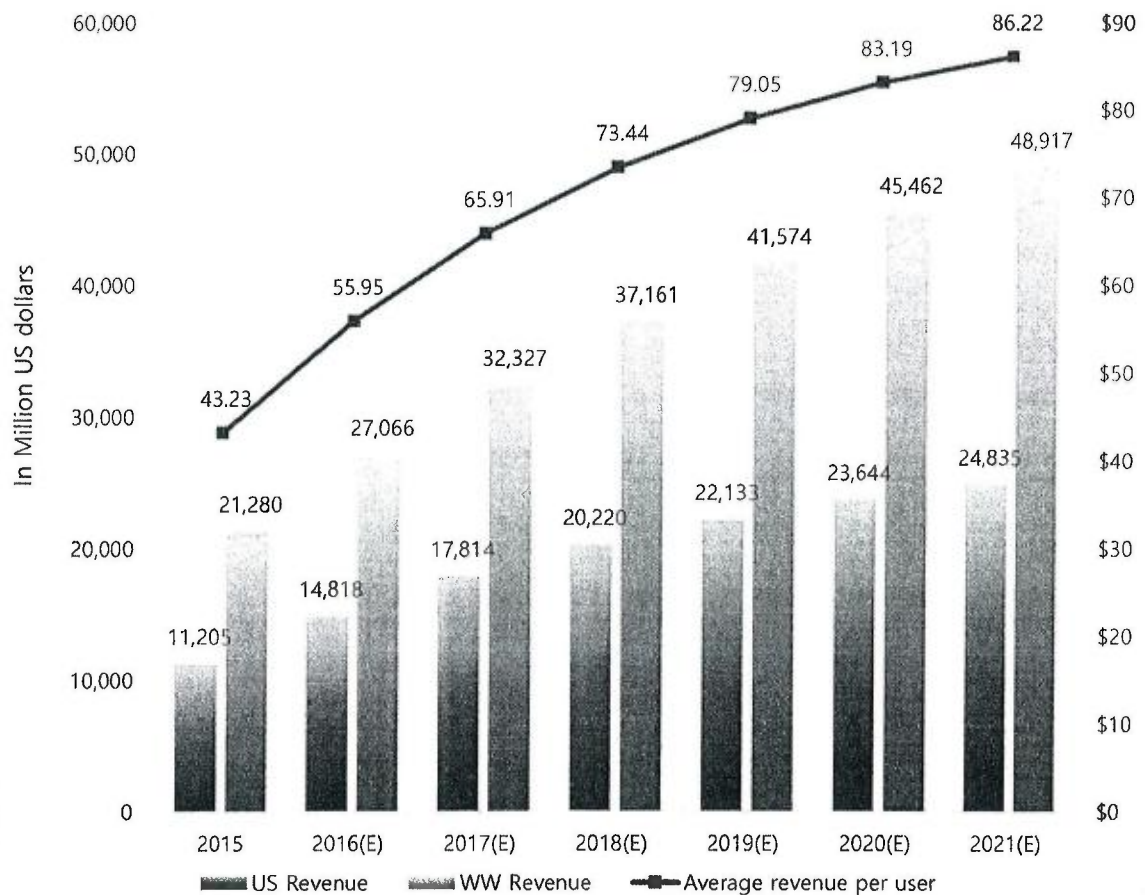


users as they participate, and by providing blockchain-based social image market to users. Furthermore, to experts, PIBBLE will serve as a platform that protects their rights to creative works and effectively connects image sellers and consumers. The PIBBLE Project's services uses blockchain technology and individual techniques and image tracking system to limit the image's unauthorized use and let users to send images consensually. Through these methods, the PIBBLE project will develop into a blockchain based image ecosystem that merges the social media market, image market and all user bases.

2.2 Image Market Status

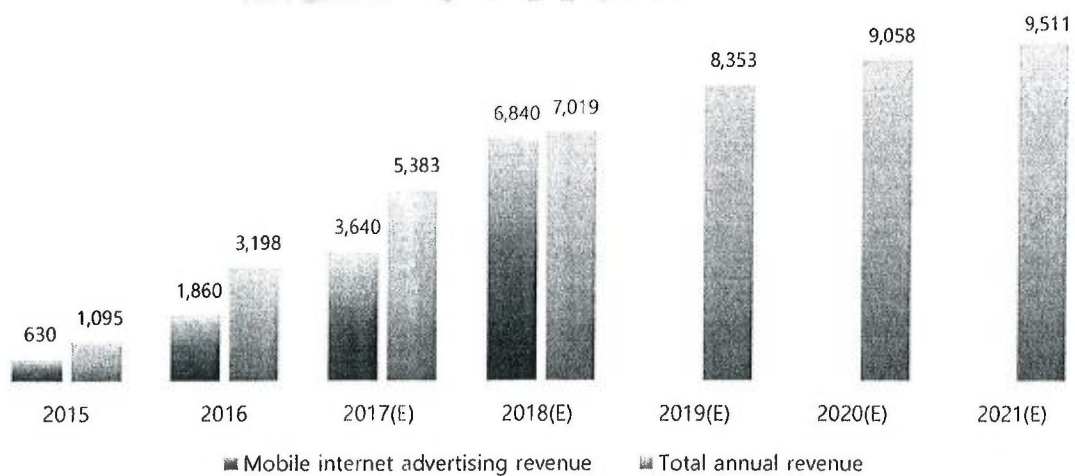
Social Image Market

As the user base for social media is growing at a breakneck pace with Facebook now having over 2 billion users, profits generated through social media worldwide is also increasing rapidly. According to Statista, a global market research organization, social media such as Facebook, Twitter and LinkedIn aggregated global advertisement revenues of approximately USD 37.161 billion on 2018 and expected to reach USD 48.917 billion by 2021. Also, the average revenue per user, namely the value of total revenue divided by number of users, was USD 73.44 on 2018 and it is expected to greatly increase to USD 86.22 by 2021. As shown in this instance, we can see that the number of users and increase in sales is generally proportional.



<Figure 2: Social Media Advertising revenues and revenue per user / Source: Statista >

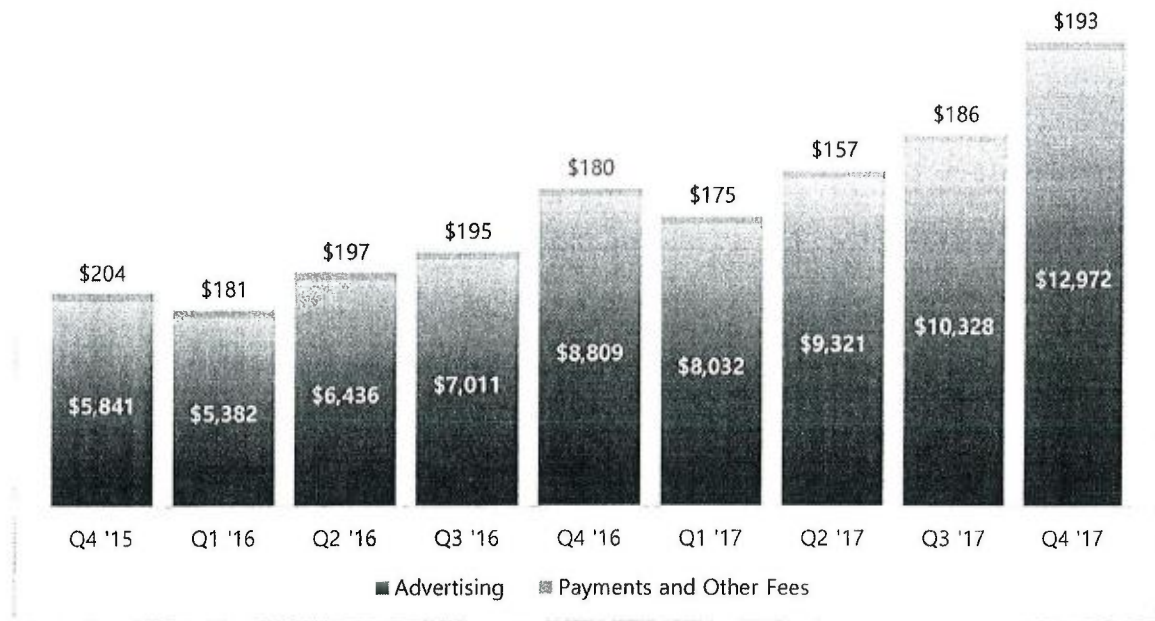
In the case of Instagram, currently in 2018, has expected revenue of USD 7.19 billion, from which USD 6.84 billion was mobile advertisement revenue.





< Figure 3. Annual Instagram total revenue and advertising revenue, Source: Statista >

Also, Facebook's 4Q 2017 revenue was USD 12.97 billion, which is a 47% increase from same quarter in the preceding year, of which 99% had been attributed to advertisement revenue.

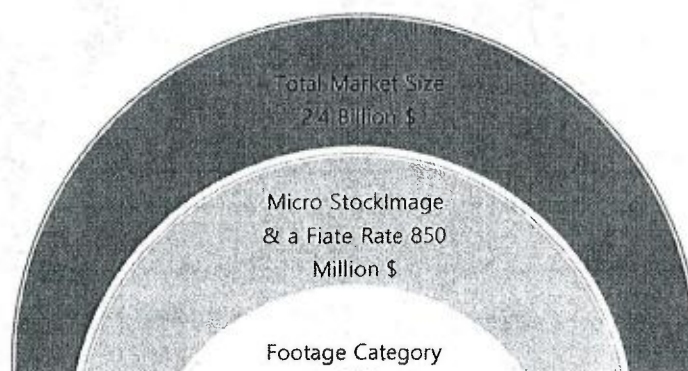


<Figure 4. Facebook revenue in 2017>

Through various instances, it can be seen that the number of users and the social media platform provider's revenues are directly proportional. However, it is not structured to distribute rewards to participating users, but rather most of profits are taken by platform providers.

Paid Image Market

According to Technavio, a marketing research facility, the global stock image market is estimated to reach \$2.4 billion by 2017. The most significant portion of transactions thereto was micro-stock images and flat rate sales, which recorded sales of approximately \$850 million. Video image (footage) related sales, which are very likely to grow in the future, totaled \$550 million, and the relatively high-priced RM (royalty managed)/ RF (royalty fee) market was \$100 million.





< Figure 5. 2017 Stock Image Market Volume, source: Technavio >

Experts predict that the stock image market will continue to grow. Technavio expects the stock image market to grow at an average annual rate of 8% by 2021, reaching \$3.26 billion. With the development of communication-based technologies such as the internet, more images will be created and the still images market as well as the video image market will expand. The growing need for visual effects in the media field, such as marketing, is also one of the factors that forecasts the growth of the market. Appropriate use of images can enhance the purchasing power of the products and public relations effect.

The PIBBLE project is based on a global stock image market which is worth \$2.4 billion. However, the PIBBLE project will break the frame of the existing stock image industry and introduce a new industrial structure that enables not only professionals but also ordinary people to buy and sell their images in the PIBBLE Ecosystem

2.3 Problems of centralized Social Media Platform

Excessive growth of commercial activities used as a marketing tool

Social media platforms have become a medium for commercial advertisements, a place for communication, exchange of opinions and sharing information. Consequently, there has been a rise in consumer's dissatisfaction as well as damages incurred from the use of social media. According to the Korea Consumer Agency, out of 500 consumers, 63.8% have answered "experienced dissatisfaction"



from the use of social media platforms and 82.4% of such dissatisfaction was caused by "excess amount of commercial posts".

Further, as seen on the chart above, a case in which a platform provider returning massive profits generated through marketing back to its users is extremely rare. A monopoly on profits by platform providers is also a prevalent problem with the social media market. Due to an increase in advertisement exposure frequency, platform provider's profit increases. However, ironically, the user's usage environment is becoming increasingly worse.

Indiscriminate Leakage of Personal Information and User Activity History

With Facebook's user information leakage incident which lead to the EU to bring GDPR into effect, social media's personal information leakage is done opposed to a user-user agreement and beyond agreed limits. Platform providers monopolize user's personal information and make profits through advertisements and selling user data. In that process, transparency is inhibited, questioning the platform provider's ethical and legal responsibility. This is a problem caused when centralized services undertakes excessive business activities and allows individual's private information to be shared with companies, regardless of our actual wishes or preferences.

2.4 Problems of the Paid Image Market

Unreasonable payment methods by a huge intermediary, the Stock Image Agency

The stock image market, which is largely a paid market and a multi-billion-dollar market, is expected to grow continuously. Ironically, however, unlike the recent growth in market size, revenues of the creators are actually declining. This is due to the rights of the creators not being managed properly. A structure in which the stock image market company has the upper hand over the creators is becoming fixated, giving rise to various problems.

Most large stock image companies are introducing a subscription system to compete against companies providing images for free. This sales method has its perks since numerous people can use quality images at low rates. However, a significant portion of the revenue is taken by the stock image companies as brokerage commissions, and due to the lower price of sold images, the profits of the



original creators decrease significantly. In addition, one of the many problems in the current market is that it takes a long time to calculate their profits; for example, it takes about 90 days even on "Shutter Stock," a leading company in the stock images market. Meaning, users are subject to transaction restrictions due to such payment methods. For these reasons, creators have two choices, namely to look for other agencies which guarantee better treatment, or to simply accept the situation as it is.

Opaque Selection and Pricing System of Upload Image

Today, stock image companies permit users to upload their images only if the images pass their own internal review. Companies implement their own review standards, and creators have to abide by them which can't help being regarded as irrational since a big portion of stock image company's profits rely on creators uploading their work. The review procedures take a long time and certain companies often delete photos that has already been approved without proper notice. For these reasons, it is difficult for indie creators and general people to assert the value of their own creations or secure their rights because the market itself starts with an opaque selection criterion.

PIBBLE will aim to solve this problem by transparently disclosing the process of images that are being uploaded which is directly linked to the livelihood of creators and through voting system within the PIBBLE Ecosystem.

Evaporation of rights due to the inability to identify the distribution process of creation

Intellectual properties can be popular stock images with a lot of effort put into them or even popular cartoon characters. Both can steadily make profit unless the creators manually delete them. As a result, the needs of those who work as a full-time stock image creator has increased steadily. While images are valuable assets to many creators, there is virtually no device or system to protect their rights due to the absence of a proper tracking system and no ways to manage unauthorized images.

PIBBLE aims to fix this by using our self-developed image tracking system which was operated for years and we plan to expand the reach of this blockchain solution. PIBBLE will provide a service that offers protection to not only professionals, but even to regular people from copyright infringement which can result in creating profitable models for them.



3. PIBBLE Ecosystem Summary

The PIBBLE ecosystem combines media contents sharing social platform with blockchain technology, thus creating the following ecosystem.

- Reward system for social value
- Blockchain based P2P commerce
- Crowdfunding using cryptocurrency
- P2P marketing system between social participants
- Reward for contents curation
- Marketplace expansion for experts

The PIBBLE platform is a social sharing platform that manufactures and consumes media contents similar to Instagram. But while Instagram has its data centralized, the PIBBLE platform has user to user rewards and empowerment methods by means of adopting a decentralized social platform.

A rewarding platform using blockchain and cryptocurrency in blogs known as STEEMIT, is already in existence. The PIBBLE platform combines rewarding platforms like STEEMIT and popular contents such as images, thereby constructing a more comprehensive rewarding social platform ecosystem.

3.1 Reward System for Social Value

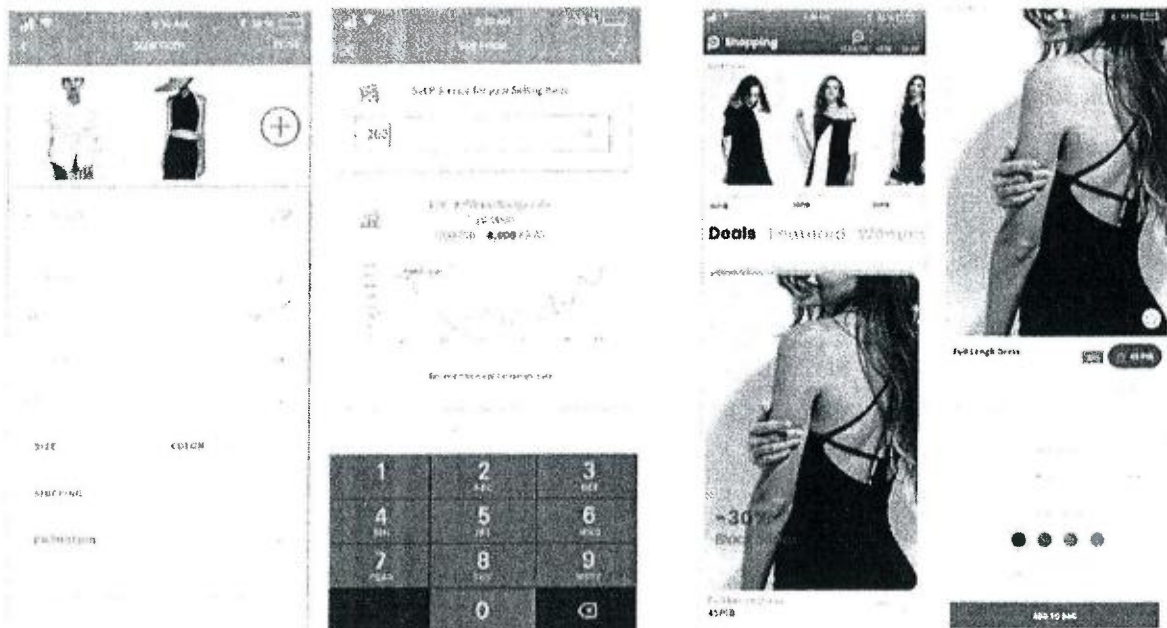
Participants on the PIBBLE platform create social value by uploading and sharing media contents such as photos or videos. In other words, platform participants share uploaded contents and express their opinion through reactions such as 'likes' and comments, and the PIBBLE platform converts these expressions into social value. To do this, the PIBBLE platform provides cryptocurrency PIBBLE(PIB) and PIBBLE brush to participants as a reward system. That is, 'Social Value' refers to sympathizing and providing value to contents stimulating users' emotions and reasons. The PIBBLE platform allows users to directly reward creator through upvoting.



3.2 Blockchain based P2P Commerce

In Instagram, users may add purchase buttons on their posts, so a lot of products are being posted as contents and followers consume these advertising contents, leading to purchases.

PIBBLE provides improved P2P commerce mechanisms for posting commercial contents and sales. Commerce contents can be purchased directly from the platform using PIB coins or brush, providing secure payment features including cancellation, edit and final approval of payment.



< Figure 6. Add Shopping(left) / Shopping Bag(right) >

3.3 P2P Marketing System between Social Participants

PIBBLE, unlike other centralized platforms, does not use user's data for advertisements. Rather, if a participant wishes to appeal his contents for business purposes, such participant may use reward system such as FollowMe, GiftBrush, BrushTag, etc. to reward users with brush/coin as a reward for



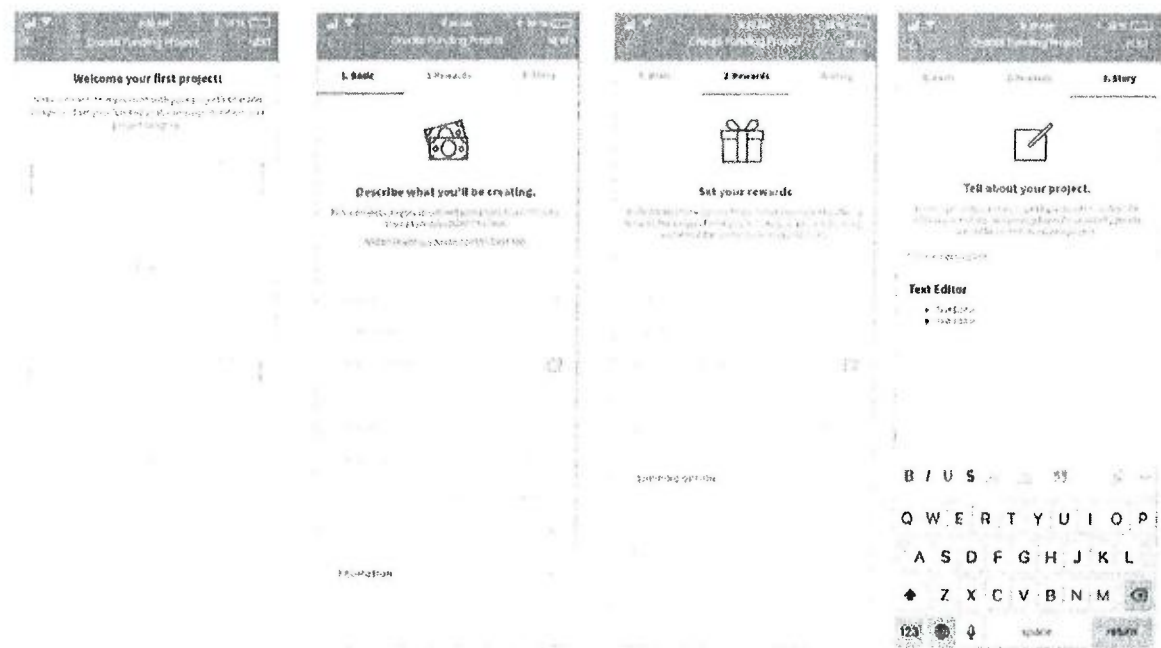
following his profile.

This advertisement rewards structure is expected to be valuable for its innovative P2P marketing as platform expands.

3.4 Crowdfunding with Cryptocurrency¹

PIBBLE participants can create crowdfunding projects within the PIBBLE platform to raise necessary funds. Creators may post stories involving, the reason behind crowdfunding, the schedule, the target amount, and reward, etc. and participants can send PIB coin or brush to support funding. This story funding includes photo trips, fundraising for charity, etc.

In particular, the PIBBLE foundation will select one of many photo trips and charity crowdfunding, giving them extra funding to contribute as a social enterprise.



< Figure 7. Crowdfunding >

¹ Please note that Pibble is not planning to provide this crowdfunding feature in Singapore due to certain legal and regulatory considerations.



3.5 Contents Curation Reward

PIBBLE's social participants can curate a collection even though they don't post any pictures of their own. Participants can use other's contents with appropriate themes (BGM, speed, effects, etc.). These collections can be seen by other users and upvoted, thus providing a brush as a reward. This reward is distributed not only to the curator but also to original author, therefore helping reward ecosystem to expand.

3.6 Expand Expert Marketplace

The PIBBLE platform offers level based standards for users. Among those levels, Professional level users may upload contents in Full HD and sell their contents while having their copyright protected.

The PIBBLE platform uses BitDNA to protect the copyright of professional contents, by extracting characteristics of contents, hashing its value, and writing the hashed value into blockchain. In other words, as this hash value is unique to the content, comparing multiple hash values can confirm whether a content is a duplicate.

Also, professional contents' use of copyright, movements since its creations are managed on the blockchain network. Therefore, ownership data of copyrights are managed together. Because it is impossible to edit or delete records if image's movement process is written real-time on the blockchain network.



4. PIBBLE Platform Components

To construct the PIBBLE ecosystem, PIBBLE presents an evolved social sharing platform using blockchain technology. In particular, the PIBBLE platform has unique features such as a photo sharing service, P2P reward and purchase system using cryptocurrency, P2P commerce and crowdfunding and professional marketplace.

The PIBBLE platform is constructed with the following elements to implement above features.

- Evolved reward system
- Participant level system
- Cryptocurrency payment system
- Ethereum network and hybrid system
- Mainnet

4.1 Evolved Reward System

'Provide coins to participants who uploaded photos?'



Many blockchain services try to expand and vitalize their ecosystem by rewarding participants with coins. But it exposes ecosystem to insoluble natural limitations and abuse.

For instance, some of participants might over issue meaningless data to get more rewards. If photo service like Instagram added rewards to their service, a significant number of users will upload dummy files to get rewards.

The PIBBLE Platform propose two kinds of brush as a solution to this reward system conundrum.

- Green Brush
- Red Brush

The Green Brush is a reward point given to participants for their activities. However, this Green Brush is unlike other mileage or point system in that it cannot be used for user's own good. Participants must use Green Brushes that they have been rewarded with by contributing to platform and sharing contents for other participants.

For instance, one contributor rewards someone else's photo or video with an UpVote. Thereafter, the Green Brush will automatically turn into a Red Brush while getting transferred to someone else. In other words, if I give 1,000 Green Brushes to person 'A', it is equivalent to person A getting 1,000 Red Brushes.

The Red Brush can also be used within the platform like PIB token. That is, it can be changed to PIB token in wallet or used in activities such as purchasing products.

The PIBBLE Brush cannot be traded on exchanges and can only be used within the PIBBLE Platform. PIBBLE brush can exercise influence proportional to Brush balance in community activities, especially in voting, and can be given to other account

Even with this method, abuse is still possible. For example, by abusing the Green Brush -> Red Brush conversion structure, it is possible to give a particular account excessive amount of Green Brushes. To prevent such abuse, both Green Brushes and Red Brushes have limits based on user's level. In other words, user with more participation and contribution has higher limits, thus able to earn and give larger amount of Brushes.

Chart below describes various activities to earn PIBBLE Brushes. The amount of PIBBLE Brushes earned is calculated on number of conditions, such as participation records, activity records and level.



Activity within the platform and creation of Brush

| Object | Activity | Transfer To | From | To |
|------------|-------------------|-------------|---------------|---------------|
| Photo | upload | Brush green | Site | Uploader |
| | upVoting | Brush red | User | Uploader |
| | Collected | Brush green | Site | Uploader |
| Video | Upload | Brush green | Site | Uploader |
| | upVoting | Brush red | User | Uploader |
| | Collected | Brush green | Site | Uploader |
| Live | upVoting | Brush red | User | Caster |
| | Sticker | Brush red | User | Caster |
| Curate | upload | Brush green | Site | Uploader |
| | upVoting | Brush red | User | Uploader |
| | Collected | Brush green | Site | Uploader |
| Profile | FollowMe(Promote) | Brush red | Profile Owner | User |
| Connect | Acquaintance | | | |
| | Close Friend | | | |
| | Alliance | | | |
| (DownVote) | flag | None | | |
| Chat | upVoting | Brush red | User | Parent Owner |
| | Sticker | Brush red | User | Parent Owner |
| | Good | Brush green | Site | Chat Owner |
| Share | Social Share | Brush green | Site | User |
| | Invite | Brush green | Site | User |
| | Refer | Brush green | Site | User |
| Collection | upVoting | Brush red | User | Collector |
| | Good | Brush green | Site | Collector |
| Theme | BGM | Brush green | Site | Uploader |
| | Sticker | Brush green | Site | Uploader |
| Buy | Buy Item | PIB | User (Buyer) | User (Seller) |
| | | Brush red | User (Buyer) | User (Seller) |
| | | Brush green | User (Buyer) | User (Seller) |
| | Booking Place | PIB | User (Buyer) | User (Seller) |
| | | Brush red | User (Buyer) | User (Seller) |



| | | | | |
|---------------|----------------------|-------------|--------------|---------------|
| | | Brush green | User (Buyer) | User (Seller) |
| Store | Purchase Sticker | Brush green | User | Site |
| | | Brush red | User | Site |
| | | PIB | User | Site |
| Tag | Photo | Brush green | Site | User |
| | Place | Brush green | Site | User |
| Cloud Funding | Invest | Brush green | User | Fundraiser |
| | | Brush red | Site | Fundraiser |
| | Contribute | Brush red | User | Fundraiser |
| Prize Event | Won | Brush red | Site | Winner |
| | | Brush green | Site | Winner |
| | | PIB | Site | Winner |
| Wallet | Transfer | Brush red | Wallet | Wallet |
| | Exchange to Red->PIB | PIB | Wallet | Wallet |
| | Exchange PIB->Red | Brush Red | Wallet | Wallet |
| Level Up | Level up | Brush green | Site | User |

4.2 Participants' Level System

With performing various activities, participants in the PIBBLE Platform will earn points. Upon exceeding certain points, users will be promoted to the next level.

Activity elements related to levels are as follows.

- Contents Upload
- Uploaded Contents' reaction- Number of comments, Badge level, Number of Likes, Number of Collection
- Participation Rate- Participation rate about Media, Commerce, Crowdfunding, etc.
- Like, UpVote, Follow



- Green Brush Owned/ Spent
- Red Brush Owned/ Spent
- PIBBLE Owned/ Spent
- Number of Follower, Follow, Friends

Each level up promotion is determined by the number of cumulative points, and each level up gets harder as the user goes on to higher levels.

Level and Brush correlation (Example)

| Level | Level Name | Brush Green | | Brush Red | |
|-------|--------------|-------------|---------|-----------|---------|
| | | Earn | Consume | Earn | Consume |
| 1 | Bronze | 300 | 500 | 100 | 0 |
| 2 | Silver | 500 | 700 | 300 | 150 |
| 3 | Gold 3 | 800 | 1000 | 500 | 300 |
| 4 | Gold 2 | 800 | 1000 | 500 | 300 |
| 5 | Gold 1 | 800 | 1000 | 500 | 300 |
| 6 | Platinum | 1500 | 2000 | 900 | 700 |
| 7 | Diamond 3 | 3000 | 4000 | 1500 | 1300 |
| 8 | Diamond 2 | 3000 | 4000 | 1700 | 1500 |
| 9 | Diamond 1 | 3000 | 4000 | 2000 | 1800 |
| 10 | Professional | 5000 | 6000 | 4000 | 2500 |

4.3 Cryptocurrency Payment System

Currencies used within the PIBBLE Platform are Brush and PIB Token. The PIBBLE Platform uses cryptocurrencies, making immediate payments with the least commission, and also provides escrow services for secure payments.

The Escrow Service is a service that makes final payment approval after visual confirmation of the product. Often used on a second-hand sale or gig by consumer's request.



4.4 Network and Hybrid System

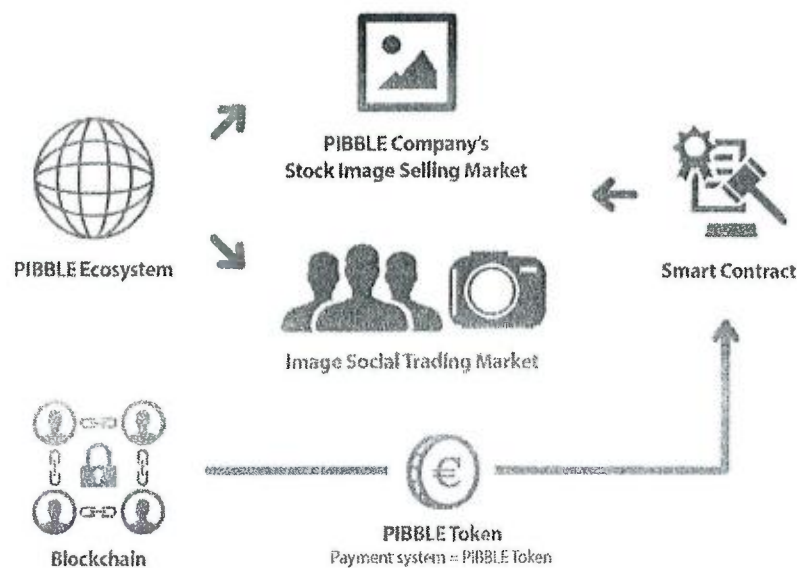
The PIBBLE platform uses the Ethereum Network for payments systems and copyright protection. However, for users' immediate purchase system, purchases made within the platform is managed in hybrid systems such as central exchanges.

4.5 Mainnet

The PIBBLE platform uses the Ethereum Network, which has a firm user base and verification system. However, for the expansion of the PIBBLE platform, relocation to mainnet is being considered for further decentralized cryptocurrency transactions and more efficient transfers. If relocation to mainnet happens, previous PIB tokens will be converted to PIB coins.

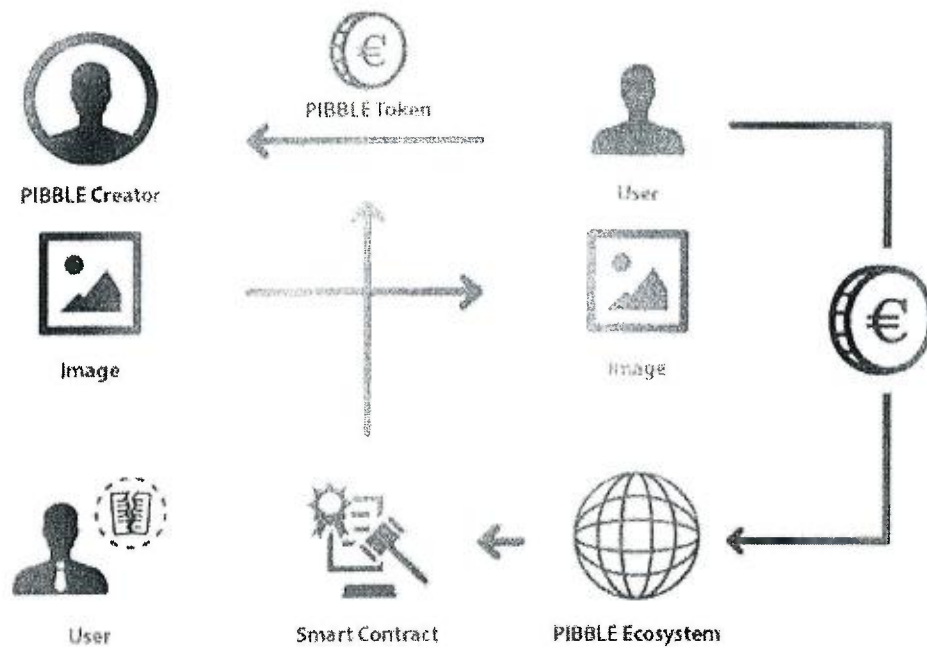
5. PIBBLE Token Ecosystem

The PIBBLE token (PIB) is used within the PIBBLE Ecosystem for transactions between participants, payment method, or funding. User can buy products in P2P Commerce or participate in crowdfunding to receive participation rewards.




< Figure 12: PIBBLE Token payment solution >

PIBBLE Token has cryptocurrency's payment function as it is, thus being able to perform as global payment system for demand to own or use images and photos globally. In other words, as a global image marketplace, the PIBBLE Ecosystem uses the blockchain network and the PIBBLE Token serves as a global media payment method without having to adjust exchange rates every day. Also, it can dramatically reduce unnecessary time and money spent through brokerage firms.






< Figure 9: PIBBLE Token in PIBBLE Ecosystem >

In addition, the PIBBLE Token has P2P advertisement features for participants who need promotions. Advertisers can advertise themselves through photos and videos, or engage in P2P marketing which rewards participants with PIB Tokens or Red Brushes when they Follow, Tag, or Like advertiser's contents.



How much budget do you set for the promotion?

20,000 PIB



Your promotional budget has been set at 20,000 PIB. Your media reaches about 5,000 people.



6. PIBBLE Roadmap

- **2017 4Q**

Team building

Idea development, forming technical specification

- **2018 1Q**

Design Prototypes and Early White Papers

Completion of Technical White Paper, Side Papers, Preparation for ICO.

Development of a smart contract for PIBBLE token release.

Token Pre-Sale PIBBLE Token and Wallet development

Ecosystem partnership continuation

- **2018 2Q**

Token Public Sale

BitDNA development

Distributed Image Storage System development

Continue the development of the PIBBLE Platform

- **2018 3Q**

BitDNA Pro API alpha

PIBBLE Ecosystem alpha 1, 2

iOS Mobile App alpha

- **2018 4Q**

PIBBLE Ecosystem alpha 3, 4

Android Mobile App alpha

PIBBLE Ecosystem beta 1

- **2019 1Q**



PIBBLE Ecosystem beta 2

Launch of PIBBLE system

Release Mobile Apps for iOS and Android

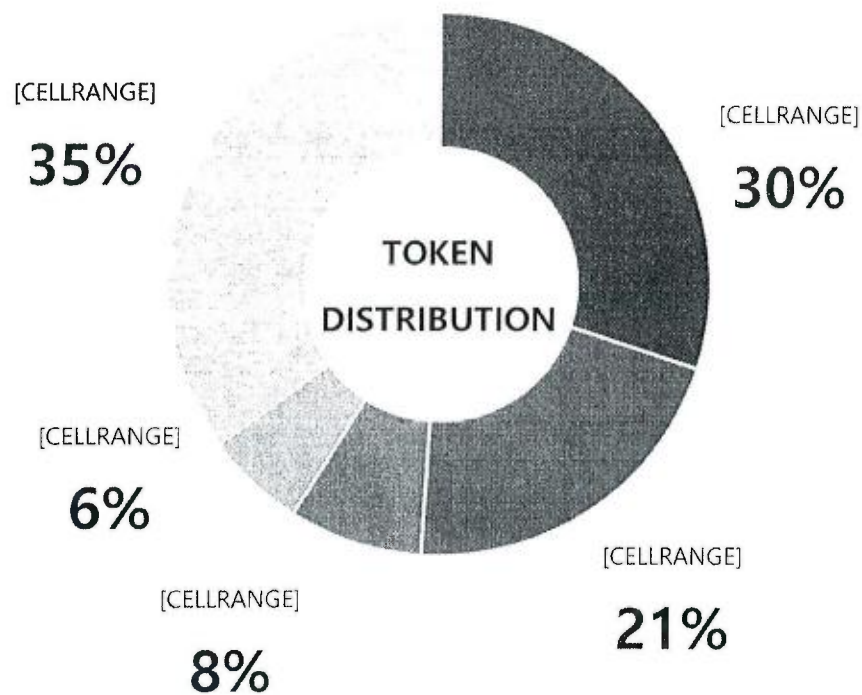
Certain items in the the above roadmap may be completed before expected, meaning other schedules may consequently be carried on earlier. On the other hand, the tasks found more difficult than expected may take longer. This roadmap will be adjusted quarterly, and we will establish new goals as we complete certain objectives and intended plans. Please note that the road map also depends on our ability to hire the right personnel at the right time.

If our plans are in accordance with the roadmap, even meaningless images and photos neglected on the corner of networks will be reborn as new and valuable lives in our PIBBLE Ecosystem. The PIBBLE Ecosystem is not only a new image sales platform but also a social platform based on Blockchain. Also, it is an innovative new-generation platform that was created thanks to the Blockchain technology and definitely guarantees rewards to users.



7. Token Distribution

7.1. Token Distribution

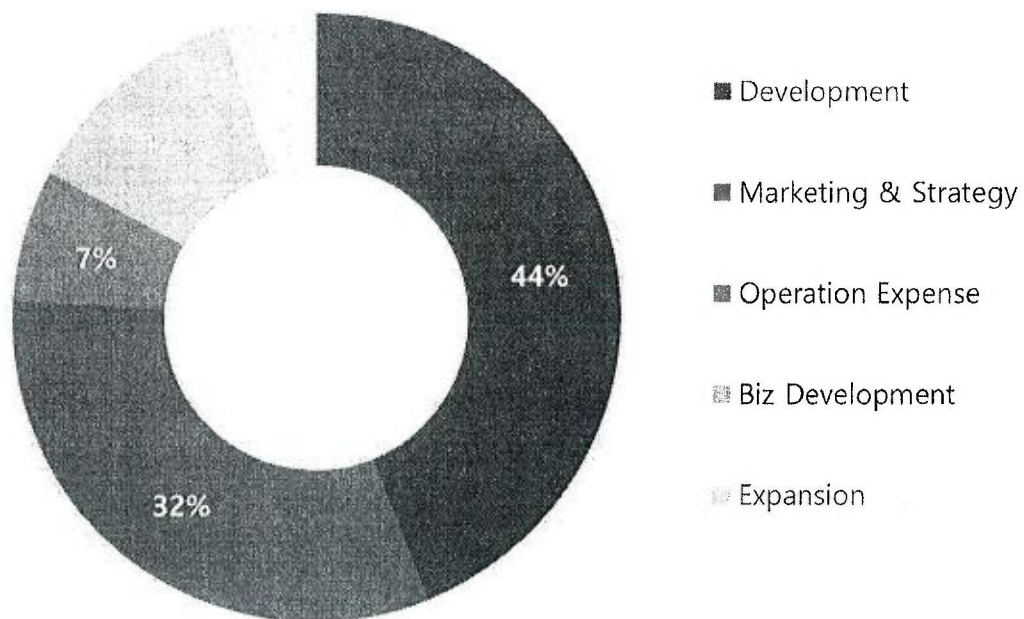


- The total PIB Token Issue volume is 30 billion. (Not a fixed amount)
- **PIBBLE Ecosystem (35%)** 35% of total issue volume will be retained by the company and will be used to vitalize the Ecosystem service along with marketing.
- **Founder & Team (20.9%)** 20.9% of total issue volume will be held by stockholders and R&D Team and locked until service opening time.
- **Token sales (30%)** 9 billion PIB tokens, 30% of total issue volume, will be sold through PreICO and Public ICO.
- **Advisor/Partner (8.0%)** 8% of the total issue volume will be distributed to advisors and partners.



- **Early Marketing (6.2%)** Used for service launching marketing and listing. Including bounty programs.

7.2. Use of Funds



- 44% of the amount is scheduled to be used for system development and operating expenses, 32% are for marketing and strategic partnership for service activation, 12% are for business development, 7% are for legal review and operation cost and 5% are for contingencies.



Notice and Disclaimers

This Whitepaper may be amended from time to time without notice. This Whitepaper is intended to provide general information and is not meant to be exhaustive, comprehensive or authoritative. PIBBLE accepts no liability in relation to the Whitepaper, or any reliance on the Whitepaper, and does not warrant the accuracy or completeness of the Whitepaper.

PIBBLE Tokens may only be purchased pursuant to the PIBBLE Token Sale – Terms of Sale.

The risks described below, and or other additional risks presently regarded to be immaterial actually materialise, the commercial viability of the PIBBLE project and/or the PIBBLE Ecosystem may be materially and adversely affected. These risks could result in the failure of the Token Sale, the destruction of the Tokens and/or the termination of the development or operation of the PIBBLE project and/or the PIBBLE Ecosystem.

Risks associated with the development and operation of the PIBBLE project and/or the PIBBLE Ecosystem:

The PIBBLE project and/or the PIBBLE Ecosystem are still under development and may undergo significant changes before they are released or implemented. While PIBBLE intends for the Tokens and the PIBBLE Ecosystem to function as described in the Whitepaper, PIBBLE may have to make changes to various features or specifications of the Tokens or the PIBBLE Ecosystem.

The PIBBLE Ecosystem may fail to be adequately developed or maintained or may encounter difficulties during development or operation, including financial, resourcing and technical difficulties. This may create the risk that the Tokens or the PIBBLE Ecosystem may not meet your expectations at the time of the Payment and may negatively impact the PIBBLE Ecosystem and the Tokens, and the potential utility of the Tokens.

Since the Services involve the use, purchase or sale of images, this is applicable intellectual property laws and may create the risk of infringing other person's intellectual property rights. This may negatively impact the PIBBLE Ecosystem and the Tokens, and the utility of the Tokens.

Risks arising from no governance rights: The Tokens confer no governance rights of any kind with respect to the PIBBLE project, the PIBBLE Ecosystem and/or PIBBLE. Accordingly, all decisions involving the PIBBLE project, the PIBBLE Ecosystem and/or PIBBLE will be made by PIBBLE at its sole discretion,



including decisions to discontinue PIBBLE's products or services, the PIBBLE project and/or the PIBBLE Ecosystem, to create and sell more Tokens for use in the PIBBLE Ecosystem, or to sell or liquidate PIBBLE. These decisions could adversely affect the PIBBLE project and/or the PIBBLE Ecosystem and the utility of any Tokens that you own, including the Tokens utility for obtaining the Services.

Risk of failure, abandonment or delay of the PIBBLE project: The creation of the Tokens and the development of the PIBBLE project and/or the PIBBLE Ecosystem may fail, be abandoned or be delayed for a number of reasons, including lack of interest from the public, lack of funding, or lack of commercial success or prospects (e.g. caused by competing projects).

Risks associated with the Ethereum blockchain: The Tokens, the Token Sale and/or the PIBBLE Ecosystem are based on the Ethereum blockchain which is still in an early development stage and unproven. Any malfunction, flaws, breakdown or abandonment of the Ethereum blockchain may have a material adverse effect on the Tokens, the Token Sale and/or the PIBBLE Ecosystem. Furthermore, developments in cryptographic technologies and techniques or changes in consensus protocol or algorithms could present risks to the Tokens, the Token Sale and/or the PIBBLE Ecosystem, including the utility of the Tokens for obtaining the Services, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum blockchain.

Risk of Ethereum mining attacks: As with other cryptocurrencies, the Ethereum blockchain is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Tokens, the Token Sale and/or the PIBBLE Ecosystem, including proper execution and sequencing of transactions involving the Tokens.

Risk of theft: The Ethereum blockchain may be exposed to attacks by hackers or other individuals that could result in theft or loss of ETH, or the Tokens, impacting the ability to develop the PIBBLE Ecosystem.

Regulatory risks: It is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology, which may be contrary to the Token and/or the PIBBLE Ecosystem and which may, inter alia, result in substantial modifications of the PIBBLE Ecosystem and/or the PIBBLE project, including termination and the loss of the Tokens.

Risks associated with other applications: The PIBBLE project may give rise to other alternative projects promoted by unaffiliated third parties, under which the Tokens will have no intrinsic value.

Risk of loss of private key: The Tokens may only be accessed with a combination of private key and password. The private key is encrypted with a password. Loss of requisite private key(s) associated with



your digital wallet or vault storing the Tokens will result in loss of such Tokens which will be unrecoverable and permanently lost.

Risk of hacking and security weaknesses: The Tokens, the Token Sale, the PIBBLE Ecosystem (if and when developed) and PIBBLE may be targeted by hackers or malicious groups or organisations who may attempt to interfere with the PIBBLE Ecosystem or the Tokens and/or the Token Sale or steal the Tokens in various ways, including malware attacks, distributed denial of service, consensus-based attacks, Sybil attacks, phishing, smurfing and hacking. Furthermore, there is a risk that a third party or a member of PIBBLE may intentionally or unintentionally introduce weaknesses into the core infrastructure of the PIBBLE Ecosystem, which could negatively affect the PIBBLE Ecosystem, the Tokens and/or the Token Sale, including the utility of the Tokens for obtaining Services.

Risks associated with taxation: The tax treatment and accounting of the Tokens is uncertain and may vary amongst jurisdictions. You must seek independent tax advice in connection with purchasing the Tokens, which may result in adverse tax consequences to you.

Risks associated with volatility of ETH: The value of ETH may fluctuate significantly over a short period of time as a result of various factors including market dynamics, regulatory changes, technical advancements, and economic and political factors. Due to such volatility, PIBBLE may not be able to fund the development of the PIBBLE Ecosystem, or may not be able to maintain the PIBBLE Ecosystem in the manner that it intended.

Technology risks: The Tokens are intended to represent a new capability on emerging technology that is not fully proven in use. As the technology matures, new capabilities may dramatically alter the usefulness of the Tokens or the ability to use or sell them. The functionality of the Tokens is complex, will require enhancements and product support over time, and full functionality may take longer than expected. The full functionality of the Tokens is not yet complete and no assurance can be provided of such completion.



This whitepaper is a document made to deliver information. Explanations about functions, modules or specific parts may be modified at anytime during the development process. Unless the board of directors make an official decision, information mentioned hereto are not legally binding.