SHARESCHAIN

The First Public Blockchain Anchoring Real Assets With Mining Mechanism

WHITEPAPER V2.2

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SharesChain FOUNDATION

SHARESCHAIN

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Chapter 1: What is SharesChain

In the future, assets will be gradually digitalised and virtualised, aided by the development of the Internet and the block chain. Following the growth of cryptoeconomics, financial assets will be incorporated and digitalised into the blockchain network, which has a higher fluidity in the market. The SharesChain Network is a new international decentralised network which allows the registration and transaction of over-the-counter shares on the blockchain.

Based on the block chain, the SharesChain Network is a network for investors to acquire shares. It connects the encrypted economy in the virtual world to the shares of companies in the real world. The SharesChain Network helps companies to convert their shares into a virtual currency, or Tokens, and is projected to enable them to attract investment quickly. Trading between users on the SharesChain Network is designed to be safe and legal and presents investors with good opportunities.

The SharesChain Network innovates technologically and legally, to create a new type of ownership: Tokens replace cash and stocks and are used to represent shares. Tokens have high mobility, as well as commercial value in both the virtual and real world alike.

Active participants of the SharesChain Network would receive various incentives, as with Bitcoin's model. Bitcoin's network is made up of nodes, namely miners, who offer computing power to the POW consensus. As an incentive for mining, miners then receive Tokens. All existing Bitcoins are thus created, owned and sold by the miners themselves. The SharesChain Network aims to use a similar model to operate its network. Where participants utilise the SharesChain Network to participate in investments in Asset Tokens, participate in company due diligence or disclosure information, they can be incentivised with SharesChain Token (**SCTK**).

The SharesChain Network is

➢ A legal network using approved technology - the worth of shares is quantified using secondary tokens (which are not SCTK).

➢ An open network, where anyone can invest in secondary Asset Tokens.

➢ An intelligent contract agreed framework which links the virtual world to the real world through transactions denominated in SCTK.

➢ A network ecosystem. Through the issuance of secondary tokens, it integrates the assets in real world with the virtual assets in a cryptographic economy.

➢ A user-friendly platform - the user interface will be optimised to suit the needs of experienced users and beginners alike.

Chapter 2:   The Problems that SharesChain Solves

The traditional model for investments present the following limitations:

➢ Start-ups and high-tech companies struggle to obtain funding and investment.

➢ The mobility of over-the-counter shares is low, and the shares-exit mechanism is problematic.

➢ It is difficult for individual investors to obtain shares, due to the hurdles and obstacles in obtaining them.

Currently, cryptoeconomics still retains one problem: How can token purchasers be certain that project leaders will fulfill their promises and meet the expectations of the purchasers? Furthermore, as the frequency of transactions is typically high, legally-binding contracts are not normally issued. As a result, investors have no way of avoiding fraud, with the loss of reputation being the only negative consequences for the scammer, who violates the trust between the token purchaser and entrepreneur.

Chapter 3:   The vision of SharesChain

The SharesChain Network creates value for the cryptoeconomics community, whether individual investors or companies.

The value the SharesChain Network creates for investors:

➢ Provides a global community which operates in diverse jurisdictional areas.

➢ Assets are represented by tradable Tokens.

➢ A structured and unlimited trading flow path

➢ A decentralised credit system - maintained by communities and enterprises. Transactions are coded and recorded on the blockchain, independent of any external organisation or authority

➢ An automatic execution based on the smart blockchain contracts, which reduces the cost of transaction and management

➢ Community reviews and interactions provide an opportunity to assess investment decisions, replacing classical due diligence

The value for entrepreneurs

➢ A lack of geographical restriction – getting funding and support becomes faster

➢ Funding campaign costs are lower

➢ Shares can be traded on the secondary market

➢ The market is transparent

The value for the network

➢ The SharesChain Network aims to create a blockchain network of registration, management and circulation, which can link assets in the real world with digital assets in the virtual world.

➢ Through the issuance of secondary tokens, the SharesChain Network intends to build a network of over-the-counter shares with a strong and extensible distribution. Business practices and interactions can be adapted depending on the rules and policies of different countries and regions.

Chapter 4: The Economic Model (Equity asset for Example)

4.1 Definition

4.1.1 SharesChain token (SCTK)

The native digital cryptographically-secured utility token of the SharesChain Network (**SCTK**) is a major component of the ecosystem on the SharesChain Network, and is designed to be used solely on the platform.

4.1.2 Asset-backed token (e.g. Equity-backed Token)

The SharesChain Network would allow users to issue unique asset-backed tokens (**Asset Token**) to finance their personal projects. The price of an individual Asset Token, the total Asset Token value of the project and the name of the Asset Token distributed by the company is set by the entrepreneurs. Trading Asset Token is projected to yield higher profits due to a higher trading frequency and higher level of efficiency due to lower legal costs.

4.1.3 Fee Pool

All transaction fees charged by the SharesChain Network would go to the feel pool and be applied to achieve the Foundation's objects.

4.1.4 Purchase of Asset Token

Asset Tokens may be purchased with SCTK or USDT (which exchange rate is pegged to the USD) on the SharesChain Network.

4.1.5 ITO (Initial Token Offering)

ITO would mean the initial pre-sale of SCTK.

4.2 Participation

4.2.1 SharesChain Foundation

SharesChain Foundation Ltd. (the **Foundation**) is an autonomous organisation based in Singapore, whose member can be any holder of SCTK.

4.2.2 Investor

An investor is any holder of secondary Asset Token issued by companies on the SharesChain Network.

4.2.3 Company

A company is an entity which attempts to finance or distribute assets through the SharesChain Network through the issuance of secondary Asset Tokens. It can be based within any jurisdictional areas and is the legal owner of the assets.

4.2.4 Specialised Services Providers

A specialised service provider is an independent third-party within a specialised investment organisation which takes part in recommendations, due diligence, legal compliance, KYC service providers and information disclosure for companies issuing Equity Tokens. Specialised service providers can receive the SCTK incentives of the SharesChain Network through the above activities.

4.3 The Function of SCTK

SCTK is a non-refundable functional utility token which will be used as the unit of exchange between participants on the SharesChain Network. The goal of introducing SCTK is to provide a convenient and secure mode of payment and settlement between participants who interact within the ecosystem on the SharesChain Network. SCTK does not in any way represent any shareholding, participation, right, title, or interest in the Foundation, its affiliates, or any other company, enterprise or undertaking, nor will SCTK entitle token holders to any promise of fees, dividends, revenue, profits or

investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. SCTK may only be utilised on the SharesChain Network, and ownership of SCTK carries no rights, express or implied, other than the right to use SCTK as a means to enable usage of and interaction with the SharesChain Network.

As a bridge between encrypted assets and company assets, the SharesChain Network needs SCTK to act as a fuel to power the operations of the system of the SharesChain Network. SCTK is required as virtual crypto "fuel" for using certain designed functions on the SharesChain Network (such as executing transactions on the SharesChain Network), providing the economic incentives which will be consumed to encourage participants to contribute and maintain the ecosystem on the SharesChain Network. Computational resources are required for executing transactions on the SharesChain Network, as well as the validation and verification of additional blocks / information on the blockchain, thus providers of these services / resources would require payment for the consumption of these resources (i.e. "mining" on the SharesChain Network) to maintain network integrity, and SCTK will be used as the unit of exchange to quantify and pay the costs of the consumed computational resources. SCTK is an integral and indispensable part of the SharesChain Network, because without SCTK, there would be no incentive for users to expend resources to participate in activities or provide services for the benefit of the entire ecosystem on the SharesChain Network.

Meanwhile, investors in the community on the SharesChain Network can use SCTK as a voting weight to protect the interests of the community (for the avoidance of doubt, ultimately community members are not connected with the Foundation (or its affiliates) in any manner, and the assets and funds of the Foundation (or its affiliates) remain under the control of the relevant Board of Directors, and this right to vote does not entitle SCTK holders to vote on the operation and management of the Foundation (or its affiliates) and does not constitute any equity interest in the Foundation (or its affiliates)). As such, SCTK is a token which has many functions on the SharesChain Network.

In particular, you understand and accept that SCTK:

(a)   is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Foundation or any affiliate;

(b)   does not represent or confer on the token holder any right of any form with respect to the Foundation (or any of its affiliates) or its revenues or assets, including without limitation any right to receive future dividends, revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to the SharesChain Network, the Foundation, the Distributor and/or their service providers;

(c)   is not intended to represent any rights 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;

(d)   is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument or any other kind of financial instrument or investment;

(e)   is not a loan to the Foundation or any of its affiliates, is not intended to represent a debt owed by the Foundation or any of its affiliates, and there is no expectation of profit; and

(f)   does not provide the token holder with any ownership or other interest in the Foundation or any of its affiliates.
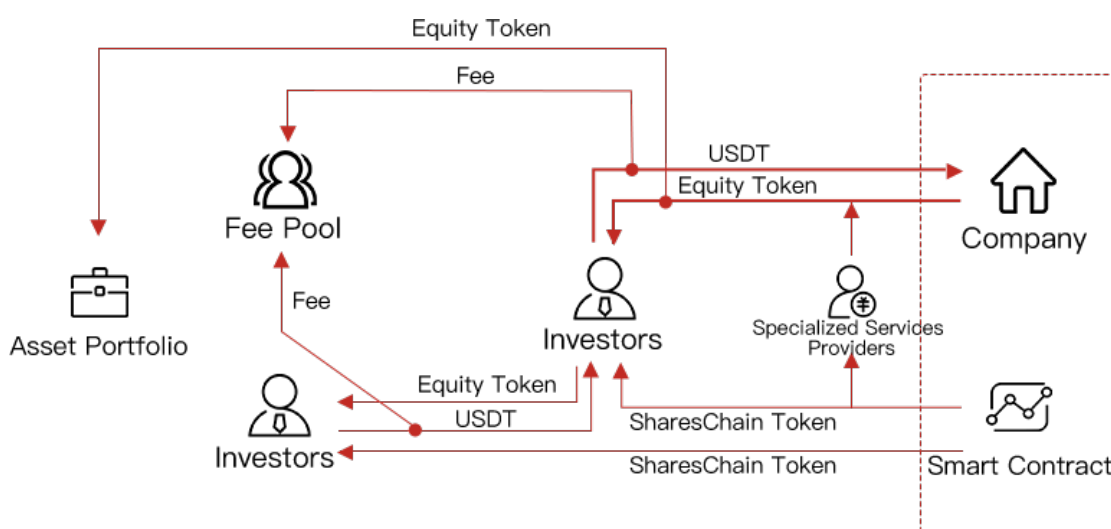
Figure 1: SCTK Function

1） SCTK serves as a proof of contribution of members of the SharesChain Network to the process of creation and operations of the SharesChain Network. SCTK incentives are distributed to those who encourage companies to enter the network, participate in the raise of initial funds through issuance of secondary Asset Tokens, complete due diligence or legal compliance to tokenise or investment in Asset Token by tokenising companies. There will be further bonus incentives distributed for each of these activities performed during the initial phases of the SharesChain Network. In this regard, users of the SharesChain Network and/or holders of SCTK which did not actively participate will not receive any SCTK incentives.

2） When Asset Tokens are traded, the transaction fee will be charged in SCTK, and these collected fees will go to towards the Foundation. In addition, users of the SharesChain Network which issue Asset Tokens will pay certain issuing fees.

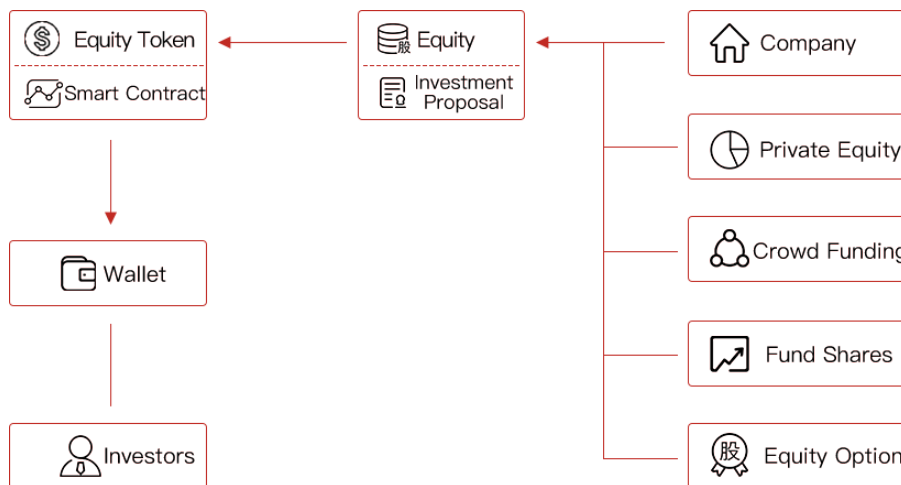## 4.4   The Functions of Asset Token (e.g. Equity Token).

Figure 2: The Functions of Asset Token

1) Asset Token certifies the ownership of assets of companies that have undergone Tokenising.

2) Users who hold Asset Tokens can:

➢ Recieve dividends of the Company

➢ See the financial statement and company information

➢ Stop the investment

➢ Resell the Asset Token

3) Asset Token transactions may be carried out freely on the SharesChain Network

4) The smart contract for Asset Tokens is intended to be an investment agreement which conforms with the laws of the country where it is issued, to ensure the legitimacy of the investments into Asset Tokens.
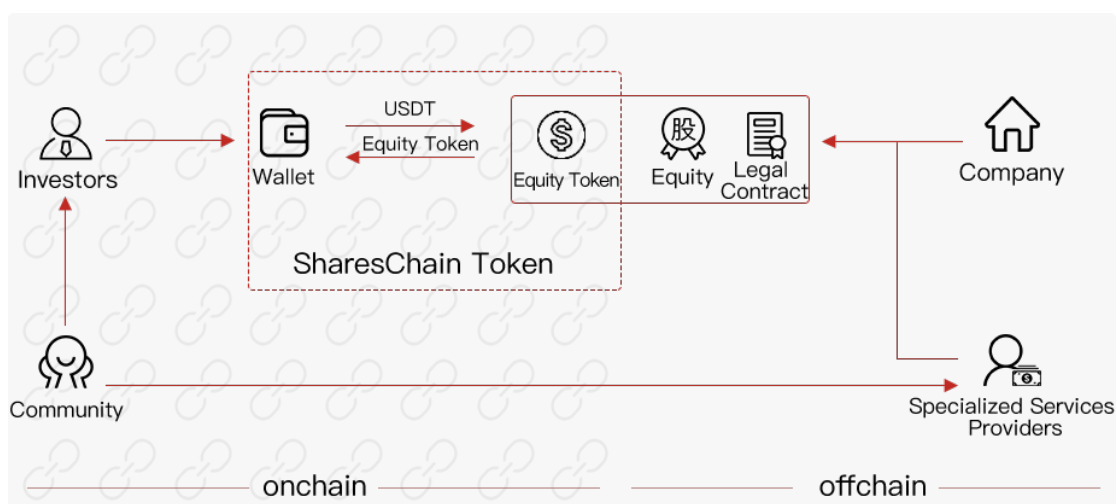
4.5   Tokenising Process

Figure 4：Tokenising Diagram

➢ Tokenising is the process in which Asset Tokens are distributed. It is based on the shares of a company. It combines the legal contractual agreement in the real world and the online smart contract.

➢ Companies who wish to distribute their personalised Asset Token to raise capital, begin by publishing their information and at least one specialised service provider will act as a representative off-chain and conduct proper due diligence. In the early stages, specialised service providers will be chosen among third party legal delegates and community contributors.

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> ➤ The due diligence reports shall be published and made available publicly within the network; investors are then allowed to invest individually if they find the project to their liking. The Shareschain Network lowers barriers for potential investors and provides another "wisdom of the crowd" type of validation, facilitating investment decisions.

> ➤ After community investment has been completed, an investment agreement will be automatically generated and signed on paper by the Asset Token issuer and the legal representative of the Asset Token purchaser. The document will be stored in a smart contract, which holders of the specific Asset Token can automatically receive.

> ➤ A portion of the Asset Token distributed by a company will be deducted by the Foundation as an issuance fee and those tokens will be retained by the Foundation, and applied towards its objects.

4.6　SharesChain for other assets.

The SharesChain Network is an open network, and initially would focus on connecting shares in the real world to the block chain space, but in the future, new protocols will be developed to support other assets.

Chapter 5:　SharesChain Features

The SharesChain Network is a highly-specialised blockchain asset network designed to support the massive sharing of assets by the utilisation of cryptographic tokens via the rapid development of applications.　Based on the design of the SharesChain Network , it will support, provide and encompass the following facets:

- An international network of distributed real asset registration, management, and circulation via the blockchain.

- Different types of equity and other assets in different legal systems in different regions.

- A modified mechanism for consensus recognition of rights and interests (RPOS).

- A common framework service layer to support the Upper-tier Chains in higher applications.

- The ecosystem on the SharesChain Network unlocks the capability to implement an OTC financial asset class (developed as a DAPP) for most regions.
- A fractal distribution ledger, **named Assetree**, with strong consistency, high-concurrency, and other scalable partitioned features, which will, in turn, support the building of the SharesChain Network.

SharesChain Assetree on the SharesChain Network provides applications without compromising distributed network consistency between the application of high internal concurrent access capabilities by means of applying the use of a DFL (Distributed Fractal Ledger), which is a ledger design that will utilise complex patterns to achieve the partition of the address space to support the transaction that reaches a consensus on the Sub-Chain. The SharesChain Assetree inherits the same strong consistency that is found in Single-Chain modules, which provides high load capacity and allows for application isolation and extension mechanisms (allowing for a branching out of the chain to be used in various manners). The Consensus Algorithm (RPOS + RBFT) is highly efficient and democratic, while reducing human intervention.

More technical information on the impact of the asset network of the SharesChain Network can be found in the Assetree Technical Impact Whitepaper: http://www.assetree.io

5.1 Ledger Service

The SharesChain Network provides a distributed ledger service, which includes modules such as data synchronisation, block generation, version control, status control etc. Based on a distributed ledger, the SharesChain Network provides different services for the different assets.

1) Account（Password, Balance, Voting, Transaction）
2) Asset （Register, Issue, Transfer, Frozen, History）
3) Transaction & Trading
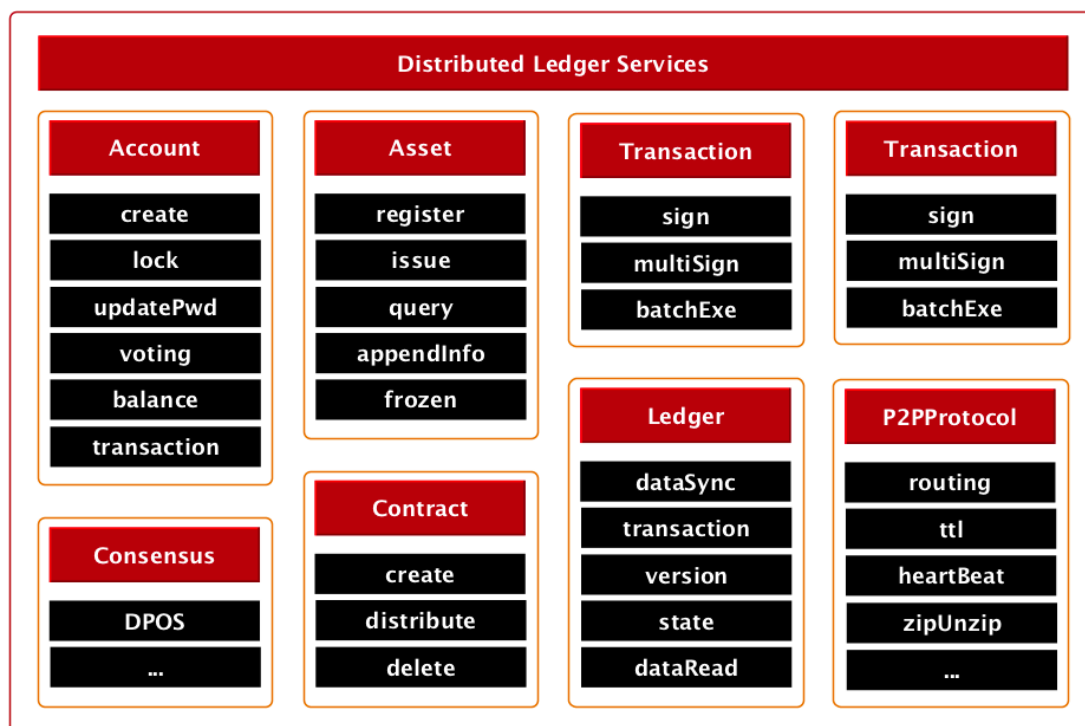4) Contract (Templates, Editing, Distributing, Pausing, Deleting)

Figure 5: The distributed ledger service of the SharesChain Network

5.2   Smart Contract

The smart contract is an executable Turing complete contract on the block chain with its own storage resources. When the contract is triggered by the transaction, the contract engine allocates CPU and memory resources to run the contract, thus completing the business logic.

Unlike traditional programs, smart contracts need to satisfy two characteristics:

It must be able to be shut down - the program must be able to end within a limited time frame, which requires the engine to measure the execution time of the contract.

Another one is certainty - the same input must produce the corresponding output, and if inconsistent, will lead to bifurcation; this requires the engine to exclude all the uncertainties, such as random numbers, time, etc., replaced by an approximation.

The SharesChain Network resolves downtime issues by allocating a certain amount of execution time based on the number of SCTK in the smart contract account during block generation and generating a new data store as part of the contract execution to receive SCTK.

Users can customise the read and write operations of the smart contract. The ledger will enable smart contracts to access the data on the chain, such as status, block data, etc. Meanwhile, the ledger will allow users to have unique access to the data storage area and initiate contract transactions or other contracts. However, providing only the data on the chain does not give full play to the contractual features, the SharesChain Network links the real-world data with the on-chain data in two ways:

➢ First, the data providers create a real-data based contract and maintain it. The data provider also needs to pay the deposit for its data. If the data providers provide fake data, the account taker and other community participants will deduct the deposit.

➢ Second, the smart contract will inform the smart oracle to deal with the data. Then the smart oracle will send the order to back to the virtual machine. The contract needs to fully trust the oracle machine.

The smart contracts provide business models to the application, but also provide the governance for the block chain. These include node election in consensus mechanisms, related configuration and other related logic. Once a smart contract is created, it cannot be modified, so the developer should offer a high-quality contract. The SharesChain Network will provide different contract samples for different industries, such as asset distribution. Developers can quickly and safely develop contract features by simply changing the parameters in them. The SharesChain Network offers online contract editing and debugging tools to help developers write commissioning contracts efficiently.

The smart contract of the SharesChain Network shows the transactions of the assets online. It also shows the companies and the names of the shareholders et al in the real world. Therefore, the smart contract will potentially make online asset voting, pledging and transfer more trustworthy, convenient and reliable.

5.3   Encryption Technology

The SharesChain Network decouples the encryption and decryption module to form an independent encryption and decryption service. Upper-layer applications can dynamically select encryption and decryption algorithms (such as Merkle tree hash algorithm, elliptic curve algorithm, SHA-256 algorithm, Base58 encoding). The multiple encryption methods also enhance data security.

5.4   SharesChain Framework

The SharesChain Network has separate parts and layers, so it is easy to upgrade subsystems and individual functions. This framework helps to develop applications for other types of assets.

The platform on the SharesChain Network has the application and service function layers. The application layer includes the functions for fundraising and transactions of shares. The service functions help the application developer to block technical details from the lower layers. The developers can build a shares exchange platform for different asset registries, management and transactions.
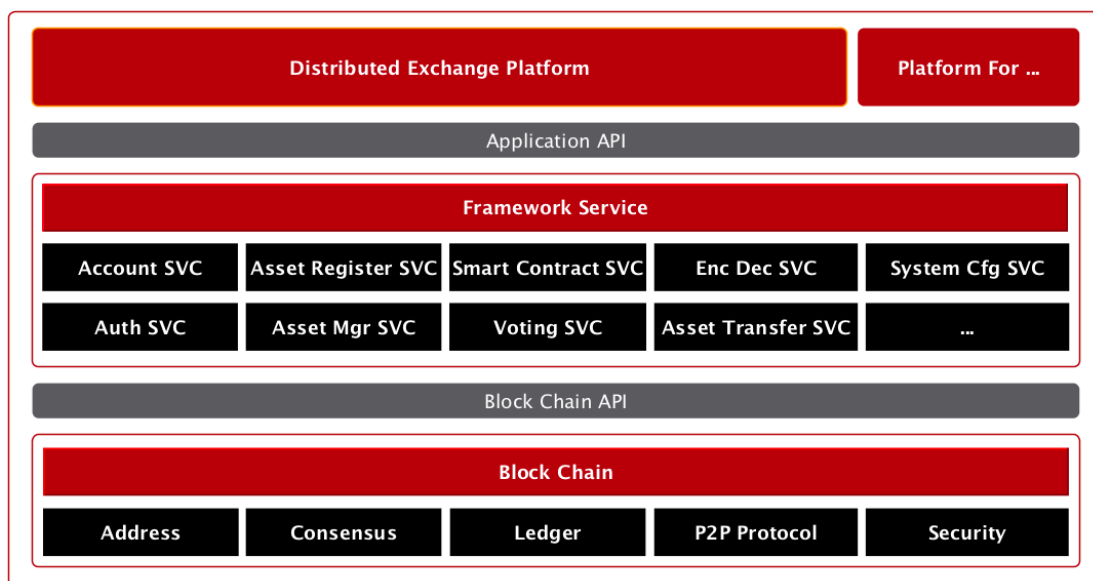

Figure 6: Framework of the SharesChain Network

Chapter 6:   SCTK Distribution

The Distributor of SCTK shall be an affiliate of the Foundation. The Distributor shall issue SCTK as follows:

1) There are 20 billion SCTKs in total.
2) The total amount of SCTK is reflected in the offering function below.
3) The offering function can show the amount of money purchased by each purchaser in ther token sale. Purchasers can spend more to acquire more SCTK.

4) In the offering, the dynamic offering price of SCTK will increase as the amount of SCTK already purchased becomes higher.

This is the the SCTK offering function:

$$S_{SCTK} = \left(1 - e^{n*\frac{K_{ITO}*Purchased_{ITO}+K_{tkn}*Purchased_{tkn}+K_{etk}*Purchased_{etk}}{cap}}\right) * cap$$

Notes:

➤ N: The number of increase rate. N is also slope.

➤ Cap: Unweight capital sum

➤ K: The factors of different types of capital. K > 0

➤

$$Token\ amount = \left(1 - e^{slope*\frac{weight\ capital\ sum}{Token\ Cap}}\right) * Token\ Cap$$

In the SCTK offering curve, N (slope) and Cap (capital) are the parameters. The amount of Cap (capital) decides the amount of SCTK. The N (slope) decides how fast the purchasers can obtain SCTK. The weight capital sum helps to reduce the risk which is caused by a change in SCTK price.

SCTK offering amount is the function of purchased amount.

$$S_{SCTK} = F(Purchased)$$

The higher the purchase amount, the more SCTKs will be awarded.

On the SharesChain Network, the slope is -6.9. The amount of SCTK will be affected by the price of USDT and SCTK.
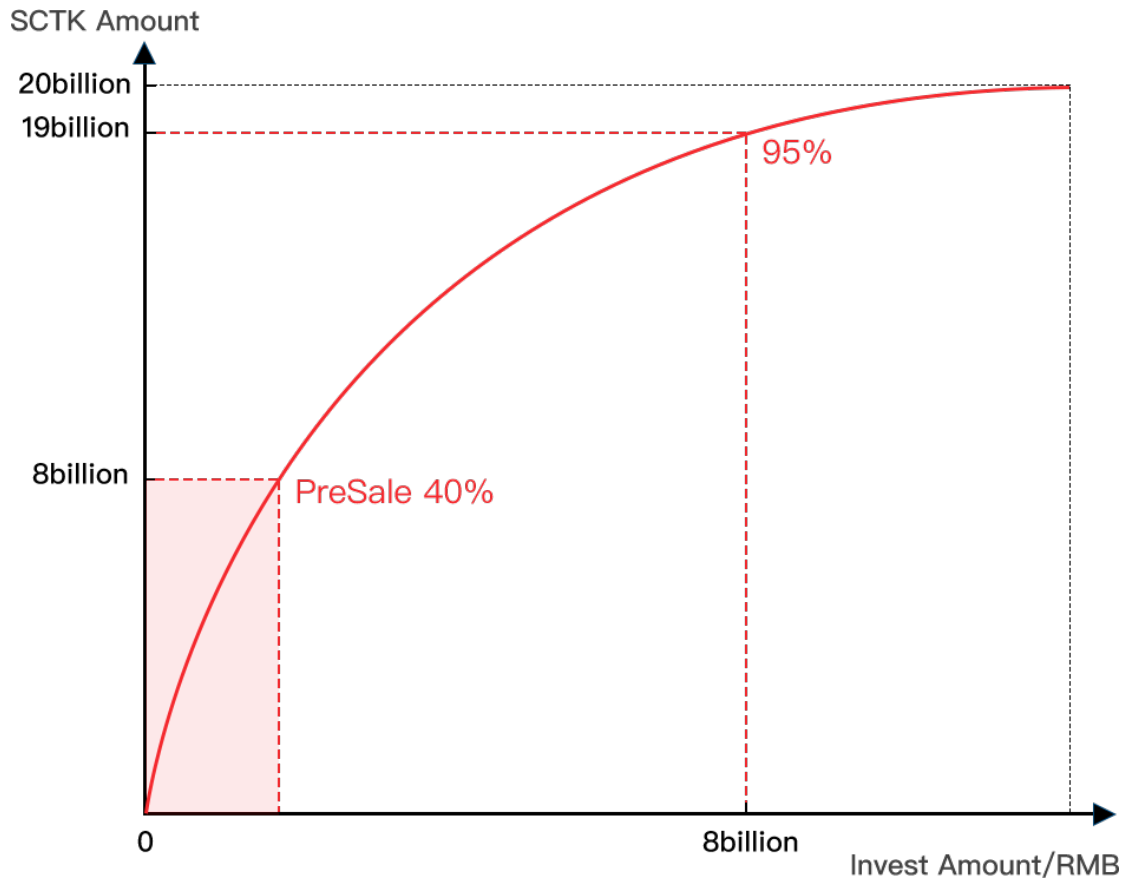
SCTK Amount

Figure 7: SCTK distribution diagram

The function below shows the marginal cost of every SCTK.

$$I_{\text{Purchased}} = \frac{ln(\frac{cap - S}{cap})}{n * K} * cap$$

When the n, cap and K are fixed, the price per SCTK will increase with the total amount of SCTK. The earlier SCTK is purchased purchased, the lower the purchase price.

This function shows the numbers of SCTK when you contribute a certain amount of money.

$$N_{amount} = \left(1 - e^{n * \frac{purchased + amount / K}{cap}}\right) * cap - S$$

When n, cap and K are fixed, the amount of new contribution has a negative relationship with the amount of old contribution. Therefore, the numbers of SCTK could be represented by the K function.

$$N_{amount} = F(K)$$

For transaction of Asset Tokens, the Foundation will set K as a mathematical constant, according to the price of SCTK. The number of K will not be changed.

6.1   ITO distribution plan

During the stage of ITO, 8 billion SCTKs will be distributed to the public (40% of the total issuance). In total, 30,000 ETHs will be used to do technical research, maintain the communities and market.

1） Pre-sale will distribute 8 billion SCTKs in the global market. One ETH will cost 205,128 SCTK. The target is to collect 30,000 ETH in total.

2） After the private offering, the SCTK holders will receive 10% of the SCTK purchased, while 10% will be transferred to SCTK holders upon the expiry of each month within the next nine months.

Amount（ETH）	0<ETH<100	100<=ETH<500	500<=ETH
Bonus amount	0%	15%	30%

## 6.2   Incentives for the Team Members

10% of the SCTK will be distributed to the initial founding members of the SharesChain team. Team members would receive 25% of this amount every half year.

6.3　　　Operation of the Foundation

10% of the SCTK will be applied towards building the network and maintaining the relationship with partners.

6.4　　　Tokenising Process

The remaining SCTK will be utilised to attract more users of the Shareschain Network and miners. At this stage, the newly distributed SCTK will be divided between the investors, (40%) and miners (60%).

SCTK DISTRIBUTION PLAN

Tokenizing 40%

ITO 40%

Team 10%

Opertaion 10%
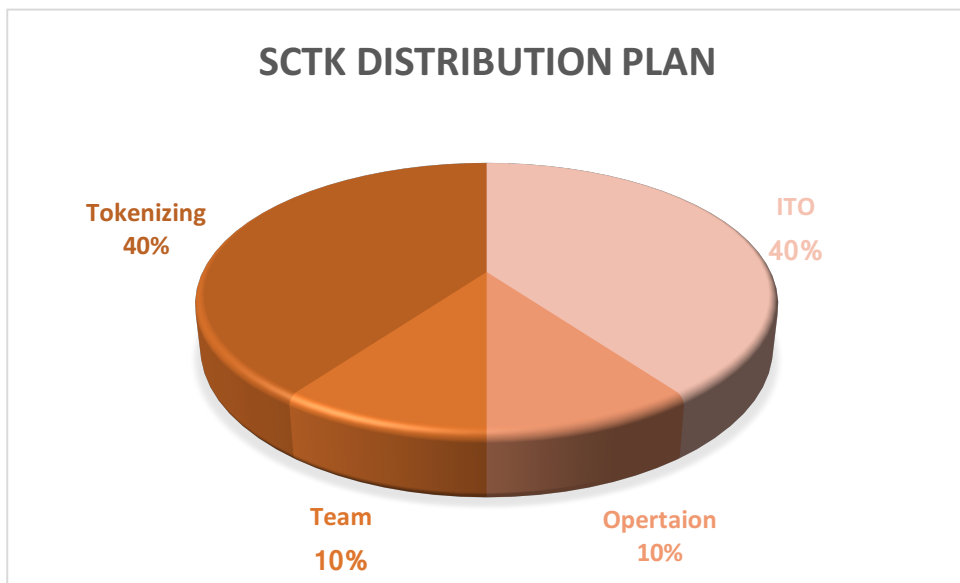
Chapter 7:　ITO Stage Use of Funds

The contributions in the token sale will be held by the Distributor (or its affiliate) after the token sale, and contributors will have no economic or legal right over or beneficial interest in these contributions or the assets of that entity after the token sale. The sale proceeds will be used to develop the SharesChain Network, market promotion and to maintain the community. This table shows the use of the fund.

1.　R&D 20%

20% of the fund will be used to develop the SharesChain Network, which includes middleware, interface、SDK, developing tools、APP、DAPP and increasing the security of the trading system of the SharesChain Network.

2. Market Promotion 30%

The SharesChain Network aims to build a global shares fundraising network, so it will use its multinational team to further develop the market.

3. Community operation 20%

To build the SharesChain Network, the community will attract individual investors; investment institutions and companies around the world.

4. Legal 2.5%

The SharesChain Network will develop its services in accordance with laws of various countries, always aiming to remain within the legal spectrum.

5. Remuneration of the SharesChain team 20%

The founders will receive 20%. The SharesChain team would receive 25% of this amount every half year. After 2 years, the founders can trade their SCTK.

6. Reserved 7.5%

 A fund will be reserved for emergencies.

ITO FUND USE PLAN

Reserved 7.5% · Legal2.5% · R&D 20% · Team 20% · Community operation 20% · Market Promotion 30%
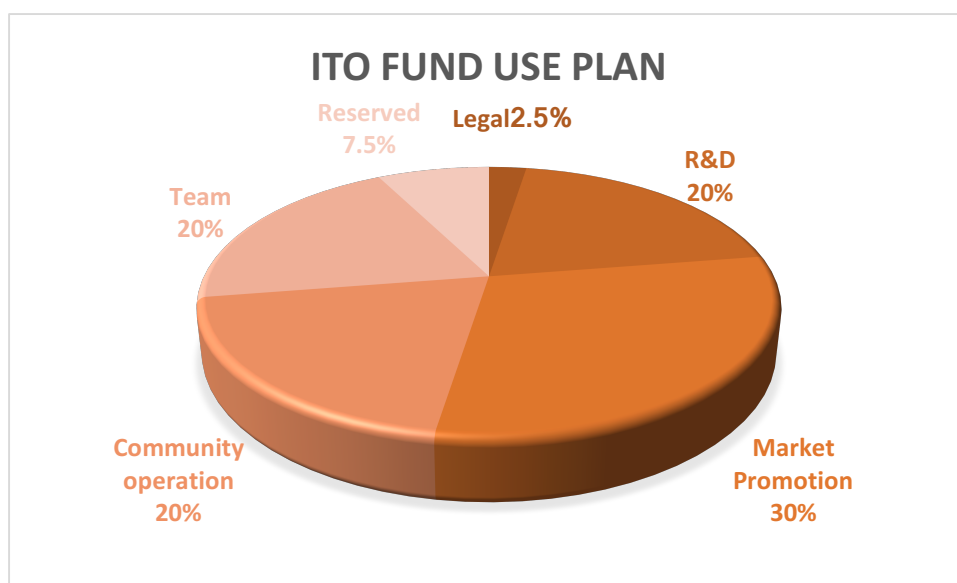
To the extent a secondary market or exchange for trading SCTK does develop, it would be run and operated wholly independently of the Foundation, the Distributor, the sale of SCTK and the SharesChain Network. Neither the Foundation nor the Distributor will create such secondary markets nor will either entity act as an exchange for SCTK.

Chapter 8: Legal Regulation

1. The Foundation

The Foundation will be established in Singapore and will comply with Singaporean law. The Foundation will issue a business plan to conform with the regulations of the Singaporean government. It will also follow the laws against money laundering.

2. Asset Token

Investors can purchase the Asset Token of issuing companies. The Asset Token holders can utilise their ownership rights. The SharesChain Network is designed to incorporate both traditional and smart contracts to protect the interests of investors. Different countries would likely have different regulations for Asset Token (e.g. Equity Token), so the sale and purchase of Asset Token will comply with all international regulations.

Chapter 9:   The Future of the SharesChain

2015.09 – The team was formed and the basic technology of the block chain was developed

2016.04 - The book "Block chain: how it will change the world" was written by members of the SharesChain team

2016.07 – The blockchain of shares was set up, and Beta was developed

2016.12 – SharesChain received the "Application Innovation Award" and "Best Popularity Award" in the first Chinese blockchain technology innovation and application competition which is held by the Zhong Guan Cun Block Chain Industry Alliance

2017.05 – The books "the principle and underlying structure of the block chain technology" was published

2017.11 – The project to develop the SharesChain Network commenced

2018.03 – The pre-sale plan for SCTK will be completed

2018.05 – A large online trading exchange will be launched

2018.11– The development of the Assetree Block Chain will be completed

2019.5– The development of the SharesChain Network will be finished, and it will be used

2019.06 -The SharesChain Network will first operate out of Japan and India. Thereafter, investors around the world can use the SharesChain Network

Chapter 10: Governance Structure

SharesChain Foundation Ltd. is an entity set up in Singapore. The Fund is committed to the development and governance of the SharesChain Network, as well as the promotion and development of the network. In order to ensure a consistent development path, the Fund designed an effective governing body to manage the community. The goal of the governing body if the Fund is to ensure the sustainable development of the SharesChain Network. It is contemplated that the decisions will be made efficiently and assets will be used properly under this governance structure.

The Board of Directors has the right to make all decisions for operation. Ultimately community members are not connected with the Foundation (or its affiliates) in any manner, and the assets and funds of the Foundation (or its affiliates) remain under the control of the relevant Board of Directors.

Chapter 11: Risks

You acknowledge and agree that there are numerous risks associated with purchasing SCTK, holding SCTK, and using SCTK for participation in the SharesChain Network:

1. Compliance; Operational Risk

Compliance; Operational Risk is the risk that the project violates the local law in the processes of raising funds and developing business, resulting the operation to be discontinued. To mitigate this kind of risk, the operating team can take the following measures:

1）Operating teams and decision-making committees adopt the distributed operation to exclude the single side risk.

2）Local specialised lawyers are hired to design the related application of blockchain within legal limits.

The regulatory status of SCTK and distributed ledger technology is unclear or unsettled in many jurisdictions. The regulation of virtual currencies has become a primary target of regulation in all major countries in the world. It is impossible to predict how, when

or whether regulatory agencies may apply existing regulations or create new regulations with respect to such technology and its applications, including SCTK and/or the SharesChain Network. Regulatory actions could negatively impact SCTK and/or the SharesChain Network in various ways. The Foundation (or its affiliates) 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. After consulting with a wide range of legal advisors and continuous analysis of the development and legal structure of virtual currencies, the Foundation will apply a cautious approach towards the sale of SCTK. Therefore, for the token sale, the Foundation may constantly adjust the sale strategy in order to avoid relevant legal risks as much as possible. For the token sale the Foundation is working with Tzedek Law LLC, a boutique corporate law firm in Singapore with a good reputation in the blockchain space.

2. Market Risk

Market Risk is the risk that SCTK is not accepted by the market, or used by an insufficient number of users, resulting in the stagnation of the business and insufficient profits to support the company. To control this risk, the following measures may be taken:

1） Identify and confirm problems in the market, after one year of actual operating experience.

2） Develop and expand the SharesChain Network quickly, by making use of the rich experience in technical development of blockchains, the registration of shares, the building of management and circulation systems.

3. Technical Risk

The Technical Risk is the risk that when underlying technologies go wrong, SCTK cannot realise the anticipated function and the key data would be edited or lost. To avoid this, the following measures may be taken:

1） The system of the SharesChain Network will be developed based on the technology and structure of block chain which are quite safe and has been accepted and proved by customers.

2）After the formation of sufficient resources, employ more high-end talents in the industry to join to develop teams, lay foundation to improve the company strength, and draw upon the mature developmental experience.

4. Inadequate disclosure of information

As at the date hereof, the SharesChain Network is still under development and its design concepts, consensus mechanisms, algorithms, codes, and other technical details and parameters may be constantly and frequently updated and changed. Although this white paper contains the most current information relating to the SharesChain Network, it is not absolutely complete and may still be adjusted and updated by the SharesChain team from time to time. The SharesChain team has no ability and obligation to keep holders of SCTK informed of every detail (including development progress and expected milestones) regarding the project to develop the SharesChain Network, hence insufficient information disclosure is inevitable and reasonable.

5. Failure to develop

There is the risk that the development of the SharesChain Network will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or SCTK, unforeseen technical difficulties, and shortage of development funds for activities.

6. Security weaknesses

Hackers or other malicious groups or organisations may attempt to interfere with SCTK and/or the SharesChain Network 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, there is a risk that a third party or a member of the Foundation or its affiliates may intentionally or unintentionally introduce weaknesses into the core infrastructure of SCTK and/or the SharesChain Network, which could negatively affect SCTK and/or the SharesChain Network.

Further, the future of cryptography and security innovations are highly unpredictable and advances in cryptography, or technical advances (including without limitation development of quantum computing), could present unknown risks to SCTK and/or the SharesChain Network by rendering ineffective the cryptographic consensus mechanism that underpins that blockchain protocol.

7. Other risks

In addition to the aforementioned risks, there are other risks (as more particularly set out in the Terms and Conditions) associated with your purchase, holding and use of SCTK, including those that the Foundation cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Foundation, its affiliates and the SharesChain team, as well as understand the overall framework and vision for the SharesChain Network prior to purchasing SCTK.

Chapter 12: Contact Us

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Email: Service@shareschain.net

Telegram: https://t.me/SharesChainOfficial