



Unbank the Banked with Ethereum (OMG!)

Explanatory Note & Governance Terms

June 19, 2017

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I. Principles

1. By transferring Ether (ETH) to the Smart Contract System and the Smart Contract System creating the OmiseGO Network Token (“**OMG**”), the User understands and accepts that the User contributes into a Smart Contract System for the development of the OmiseGO Network, as described in the OmiseGO Whitepaper¹ and the Crowdsale Document². For further information on OmiseGO visit: <https://omg.omise.co/>. The information contained in the Whitepaper, the Crowdsale Document and on the website are of descriptive nature only, are not binding and do not form part of the Terms (as defined under paragraph 4 below), unless expressly referred to herein.

2. The User understands and accepts that while the individuals and entities, including Omise GO Pte. Ltd. (a company incorporated in Singapore, hereinafter referred to as “**OmiseGO**”), assigned to this task will make reasonable efforts to develop and complete OmiseGO, **it is possible that such development may fail and User’s OMG may become useless and/or valueless due to technical, commercial, regulatory or any other reasons** (please also refer to Part V of these terms regarding Risks). The User is also aware of the risk that even if all or parts of OmiseGO are successfully developed and released in full or in parts, due to a lack of public interest, OmiseGO could be fully or partially abandoned, remain commercially unsuccessful or shut down for lack of interest or other reasons. **The User therefore understands and accepts that the transfer of ETH to the Smart Contract System and the creation of OMG by the Smart Contract System carry significant financial, regulatory and/or reputational risks (including the complete loss of value of the created OMG, if any, and attributed features of OmiseGO).**

3. The User furthermore understands and accepts that - as the creation of OMG, any implemented governing rights of the User as well as the assignment of the execution of OmiseGO are smart contract based - the terms and conditions applicable thereon are set forth in the Smart Contract System Code, consisting of software code, existing on the Ethereum blockchain. The User also understands and accepts to only use the smart contract address provided on the official OmiseGO crowd sale webpage. **To the extent the terms contained herein or in any other document or communication contradict to the ones set forth in the Smart Contract System, the terms of the Smart Contract System shall prevail. Furthermore, neither this document nor any other document or communication may modify or add any additional obligations or covenants to OmiseGO or the publisher of these terms or the developer of the Smart Contract System functions and/or any other person, entity and/or affiliates involved with the deployment of the Smart Contract System and the setting up of OmiseGO beyond those set forth in the Smart Contract System.**

4. By transferring ETH to the Smart Contract System, the User expressly agrees to all the terms and conditions set forth in Smart Contract System Code existing on the Ethereum

¹ OmiseGO Whitepaper: <https://cdn.omise.co/omg/whitepaper.pdf>

² OmiseGO Crowdsale Document: <https://cdn.omise.co/omg/crowdsaledoc.pdf>

blockchain (at the addresses referred to in paragraph 3 herein) and in this document (together, the “**Terms**”), which are incorporated by reference herein. **The User further confirms to have carefully reviewed the Smart Contract System Code, its functions and these Terms and to fully understand the risks and costs of creating OMG and contributing into a Smart Contract System for the development of OmiseGO.**

5. **This document and any other materials relating to OmiseGO do not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to an offering of securities in any jurisdiction and has not been, and will not be lodged or registered as a prospectus with any governmental authorities. It is a description of the functionality of a Smart Contract System.**

6. By transferring ETH to the Smart Contract System and/or receiving the OMG, no form of partnership, joint venture or any similar relationship between the Users and/or other individuals or entities involved with the deployment of the Smart Contract System and the setting up of OmiseGO is created.

II. OMG Creation Function

7. During the Creation Period, up to a total of **25 million USD** (Maximal Launch Quantity) equivalent of OMG are planned to be created by the Smart Contract System, all of equal value and functionality, however, divided by the Smart Contract System into different pools:

Public Pool

- **Pool A of a total of 65.1% of the aggregate OMG created**, is intended to be created by the Smart Contract System at the end of the Creation Period: If Creation Period has ended, the Smart Contract System creates and allocates OMG tokens to Pool A contributors.
- **Pool B of a total of 5% of the aggregate OMG created**, is intended to be created by the Smart Contract System at the end of the Creation Period: If Creation Period has ended, the Smart Contract System creates and allocates OMG tokens to Pool B as airdrop. Airdrop will encourage incentive alignment with stakeholders in the Ethereum mainnet, and promote diversity and balance of the OMG Proof-of-Stake (PoS) network validators. For the avoidance of doubt, this allocation will take place after the end of the Creation Period.

Private Pool

- **Pool C of a total of 20% of the aggregate OMG created**, is intended to be created by the Smart Contract System at the end of Creation Period: If Creation Period has ended, the Smart Contract System creates and allocates the Pool C to the OmiseGO Smart Contract (further detailed in paragraph 13 herein); and
- **Pool D of a total of 9.9% of the aggregate OMG created**, is intended to be created by the Smart Contract System at the end of Creation Period: If Creation Period has ended,

the Smart Contract System creates and allocates the Pool D to qualified team members of the Smart Contract. Unassigned allocations are reserved for future qualified team members (further detailed in paragraph 13 herein).

8. **Creation Period:** The Creation Period starts with the deployment of the Smart Contract System and lasts until the full 25 million USD equivalent have been raised under Pool A or for a maximal duration of 1 calendar month (i.e. the maximal duration of the Creation Period), whichever is the earlier.

9. In the event the project fails to meet the requirements of the Smart Contract system, User will have the possibility to initiate the transfer of the respective amount of ETH submitted to the Smart Contract System from the Smart Contract System's address back to the address used to transfer the ETH to the Smart Contract System.

10. **Creation of OMG:** The creation and allocation of OMG of Pool A by the Smart Contract System are initiated by the User sending an amount of ETH to the Smart Contract System, located on the Ethereum blockchain at the addresses referred to in paragraph 3 herein, which triggers a smart contract operation. The Smart Contract System creates and allocates the corresponding OMG to the User's wallet address, from where the ETH were sent from. Issuance of OMG (meaning that respective entries of the Public Key (PUK) of User) are made by the Smart Contract System on the blockchain according to the allocation information in the Smart Contract System.

11. **Maximum OMG Quantity:** If during the Creation Period the 25 million USD equivalent of OMG of Pool A have been created, no additional OMG will be created. Each OMG will have the same functions implemented.

12. **Creation Rate:** The Creation Rate during Creation Period for each OMG will be 0.001 ETH (i.e. 1,000 OMG : 1 ETH).

13. **Private allocation of OMG:** The User understands and accepts that out of the Maximal Launch Quantity.

- **20% of the total OMG created (Pool C)** will be directly released by the Smart Contract System to OmiseGO for payment of future expenses as part of the development and execution of OmiseGO. These OMG are locked through a smart contract function and may not be transferred by OmiseGO for a period of 1 year from the expiry of the Creation Period.
- **9.9% of total OMG created (Pool D)** will be directly released by the Smart Contract System to team members who have made early contributions, worked to develop the ideas, implementations and supporting structures of OmiseGO. These OMG are locked through a smart contract function and may not be transferred to team members or early contributors for a period of 1 year from the expiry of the Creation Period (for current team members). For new qualified OmiseGO team members and contributors, the

OMGs are not to be transferred for a period of at least 1 year from their employment contract start date.

14. Transferability of OMG during the Creation Period: All OMG will be locked, and are therefore not transferable, until Creation Period has ended as set forth in the Smart Contract System.

15. OMG are only for use with OmiseGO under the terms of the Smart Contract System and under the terms of the OmiseGO Network (to be released), and only constitute a transferable representation of attributed functions of the Smart Contract System.

16. Ownership of OMG carries no rights express or implied other than the right to use OMG to enable usage of and interaction with the OmiseGO Network, if successfully completed and deployed (see Part III of these terms). User understands and accepts that OMG do not warrant, represent or constitute any ownership right or stake, share or security or equivalent rights or any right for receive future revenues shares, intellectual property rights ("*IPR*") or any other form of participation in or relating to OmiseGO and/or the OmiseGO Network. The OmiseGO Network shall be released under an open source license and each User shall have the right to further develop and suggest modifications to the OmiseGO Network.

17. Through the allocation of OMG to a User, the User receives no right to receive any revenues generated by the IPR developed as part of OmiseGO or any other assets. The User understands and hereby agrees that the sole and exclusive usage rights of these IPR are assigned to OmiseGO. Beyond this, the User understands and accepts that OMG do not warrant, represent or constitute any ownership rights or stake, share or security or equivalent right in or relating to the OmiseGO, the OmiseGO Network and/or any software, any public or private company, corporation, entity or property.

18. By transferring ETH to the Smart Contract and creating OMG, the User represents and warrants that:

- the User has a deep understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens, like bitcoin (BTC) and Ether (ETH), and blockchain-based software systems;
- the User has carefully reviewed the code of the Smart Contract System located on the Ethereum blockchain at the address set forth by OmiseGO (referred to in paragraph 3 herein), and fully understands and accepts the functions implemented therein;
- the User is legally permitted to transfer ETH to the Smart Contract System, create and obtain OMG in the User's jurisdiction;
- the User is legally permitted to receive software and contributing to the Smart Contract System for the development of OmiseGO;
- the User is of a sufficient age to legally create and obtain OMG;
- the User will take sole responsibility for any restrictions and risks associated with the creation of OMG by the Smart Contract System as set forth below;

- the User is not submitting ETH to the Smart Contract System to obtain OMG for speculative investment;
- the User is not obtaining or using OMG for any illegal purposes;
- the User is purchasing the functionality of OMG issued by the Smart Contract System primarily to support the development, testing, deployment and operation of OmiseGO, being aware of the commercial risks associated with OmiseGO;
- the User waives the right to participate in a class action lawsuit or a class wide arbitration against any entity or individual involved with the creation of OMG;
- the User understands the creation of OMG does not involve the purchase of shares or securities exchangeable into shares or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;
- the User understands that the transfer of ETH to the Smart Contract System, the creation of OMG and the development of OmiseGO carries significant financial, regulatory and reputational risks as further set forth in the Terms;
- the User understands and expressly accepts that there is no warranty whatsoever on OMG, the Smart Contract System and/or the success of OmiseGO, expressed or implied (to the extent permitted by law), and that the Smart Contract System is used and OMG are created and obtained at the sole risk of the User on an “as is” and “under development” basis and without any warranties of any kind (to the extent permitted by law), including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose;
- the User understands that the User has no right against any other party to request any refund of the ETH submitted to the Smart Contract System for the creation of OMG under any circumstance, other than as implemented in the Smart Contract System;
- the User understands that no market liquidity may be guaranteed and that the value of OMG over time may experience extreme volatility or depreciate in full;
- the User understands that the User bears the sole responsibility to determine if the User’s contribution to the Smart Contract System for the development of OmiseGO, the transfer of ETH to the Smart Contract System, the creation, ownership or use of OMG, the potential appreciation or depreciation in the value of OMG over time, the sale and purchase of OMG and/or any other action or transaction related to OmiseGO have tax implications for him; by creating, holding or using OMG, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors (e.g. contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of OMG or any other action or transaction related to OmiseGO.

19. As part of the creation process the User will use his own account (address) on the Ethereum network, with a private key associated to this address and password. The password is used to encrypt the User’s private key. Following the creation of OMG by the Smart Contract System, the OMG will be transferred to the User's address by the Smart Contract System. The User understands that the User must keep his password and private key safe and that the User must not share them with anyone. The User further understands that if his private key and/or password is lost or stolen, the User will not be able to generate a new password or recover his

private key, and if the User also loses his private keys and password, the OMG associated with the User's account (address) will be unrecoverable and will be permanently lost. Furthermore, the User understands that there is no recovery mechanism for lost keys and passwords, so no one will be able to help the User retrieve or reconstruct a lost password and private keys and provide the User with access to any lost OMG.

III. OmiseGO Execution

20. The User understands and accepts that the development and execution of OmiseGO will be released by the Smart Contract System to the wallet of a third-party contractor, OmiseGO. OmiseGO has the right to engage subcontractors to perform the entire or partial development and execution of OmiseGO. The scope of the development work will be triggered by the amount of contribution received during the Contribution Period as set forth in the Crowdsale Whitepaper.

21. The User understands and accepts that for the development and execution of OmiseGO, OmiseGO receives a flat fee of 20% of the total OMG created, and the full amount of ETH transferred to the Smart Contract System during the Creation Period. This flat fee covers expenses, charges and other costs that may arise by OmiseGO and/or its subcontractors as part of the development and execution of OmiseGO. It remains at OmiseGO's sole discretion to decide how to allocate the funds to develop and execute OmiseGO.

22. The User understands and accepts that the User may not have any expectation of influence over governance on OmiseGO.

23. The User understands and accepts that OmiseGO and/or OmiseGO Network will need to go through substantial development works as part of which they may become subject of significant conceptual, technical and commercial changes before release. The User understands and accepts that as part of the development, an upgrade of the OMG Token may be required (hard-fork of OMG Token) and that, if User decides not to participate in such upgrade, he may no longer use his OMG token in the OmiseGO Network and that non-upgraded OMG Token may lose their functionality in full.

IV. Audit of the Smart Contract System

24. The Smart Contract System has been, on a reasonable effort basis, audited and approved by legal and technical experts regarding the conformity of the Smart Contract System's functionality to the content of these Terms. The technical experts have further confirmed that the Smart Contract System has, regarding both accuracy and security, been programmed according to the current state of the art.

25. However, the User understands and accepts that smart contract technology is still in an early development stage and its application of experimental nature which carries significant operational, technological, financial, regulatory and reputational risks. Accordingly, while the audit conducted raises the level of security and accuracy, the User understands and accepts that the audit does not amount to any form of warranty, including direct or indirect warranties

that the Smart Contract System and OMG are fit for a purpose or do not contain any weaknesses, vulnerabilities or bugs which could cause, inter alia, the complete loss of ETH and/or OMG.

V. Risks

26. The User understands and accepts the risks associated with transferring ETH to the Smart Contract System and creating OMG as exemplary set forth above and hereinafter. In particular, but not exhaustive, the User understands the inherent risks listed below:

- **Risk of software weaknesses:** The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the blockchain) is still in an early development stage and unproven, that there will be no warranty that the process for creating OMG will be uninterrupted or error-free and that there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of ETH and/or OMG.
- **Regulatory risk:** The User understands and accepts that the blockchain technology allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to the current setup of the Smart Contract System and which may, inter alia, result in substantial modifications of the Smart Contract System and/or OmiseGO, including its termination and the loss of OMG for the User.
- **Risk of abandonment / lack of success:** The User understands and accepts that the creation of OMG and the development of OmiseGO may be abandoned for several reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). The User therefore understands that there is no assurance that, even if OmiseGO is partially or fully developed and launched, the User will receive any benefits through the OMG held by him.
- **Risk associated with other applications:** The User understands and accepts that OmiseGO and/or OmiseGO products may give rise to other, alternative projects, promoted by unaffiliated third parties, under which OMG will have no intrinsic value.
- **Risk of loss of private key:** OMG can only be accessed by using an Ethereum wallet with a combination of User's account information (address), private key and password. The private key is encrypted with a password. The User understands and accepts that in the event his private key file or password respectively is lost or stolen, the OMG associated with the User's account (address) or password will be unrecoverable and will be permanently lost.
- **Risk of theft:** The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the blockchain) may be exposed to attacks by hackers or other individuals that that could result in theft or loss of OMG or ETH, impacting the ability to develop OmiseGO.
- **Risk of Ethereum mining attacks:** The User understands and accepts that, as with other cryptocurrencies, the blockchain used for the Smart Contract System is

susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of OMG transactions, and expected proper execution and sequencing of contract computations.

VI. Taxation

27. The User bears the sole responsibility to determine if his contribution into the Smart Contract System for the development of OmiseGO, the creation, ownership or use of OMG, the potential appreciation or depreciation in the value of OMG over time, the sale and purchase of OMG and/or any other action or transaction related to OmiseGO may have tax implications for him.

28. By creating, holding or using OMG, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of OMG or any other action or transaction related to OmiseGO.

VI. No Liability

29. The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the User will not hold any developers, auditors, contractors or founders of OmiseGO, OMG and/or the Smart Contract System liable for any and all damages or injury whatsoever caused by or related to the use of, or the inability to use, OMG or the Smart Contract System under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence) and that developers, auditors, contractors or founders of OmiseGO, OMG and/or the Smart Contract System shall not be liable for any indirect, incidental, special, exemplary or consequential damages, including loss of profits, goodwill or data, or in any way whatsoever arising out of the use of, or the inability to use of OMG, the Smart Contract System and/or OmiseGO.

30. The User further specifically acknowledges that developers, auditors, contractors or founders of OmiseGO, OMG and/or the Smart Contract System are not liable, and the User agrees not to hold them liable, for the conduct of third parties, including other creators of OMG, and that the risk of creating, holding and using OMG is entirely with the User.

31. By creating, holding or using OMG, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any regulatory implications or liability associated with or arising from the creation, ownership or use of OMG or any other action or transaction related to OmiseGO.

VII. Miscellaneous

32. The OMG token holder understands and accepts that the network of miners will be ultimately in control of the Smart Contract System. The participant understands that most these miners could agree at any point to make changes to the official Smart Contract System and to run the new version of the Smart Contract System. Such a scenario could lead to OMG losing intrinsic value.

33. The OMG token holder agrees that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

34. The Terms govern the creation, ownership and use of OMG and supersede any public statements about the launch of OMG and/or the Smart Contract System made by anyone in the past, present and future.

35. The applicable law is Singapore law. Any dispute arising out of or about the creation of OMG and the development and execution of OmiseGO shall be finally settled by the ordinary courts of the registered domicile of the defendant.

36. The OMG token holder warrants and attests that any funds used for the contribution to the OMG Smart Contract System are: (a) good, clean, clear and are of non-criminal origin; (b) completely free and clear of any liens or encumbrances of any kind or any rights of third-party interests; and (c) have no origins that may be connected to any breach of money laundering regulations whatsoever, as defined in the jurisdiction of origin, or internationally.

37. The OMG token holder warrants and attests that he/she is not a resident in and/or is holding a passport issued by a High-Risk jurisdiction nation as defined by FATF & OFAC including: Afghanistan; Balkans-related; Belarus; Bosnia and Herzegovina; Burundi; Central African Republic; Cuba; Democratic Republic of the Congo-related; Ethiopia; Iran; Iraq; Lao People's Democratic Republic; Lebanon; Libya; North Korea; Somalia; Sudan and Darfur; South Sudan; Syria; Uganda; Ukraine; Russia-related; Vanuatu; Venezuela-related; Yemen; and Zimbabwe. The sale is also for non-United States persons and/or residence only.

38. The OMG token holder warrants and attests that he/she have full legal and beneficial title, rights, interest, control and authority to contribute and have chosen to do so of their own free will and sole decision without any solicitation or influence from anyone else.

39. The OMG token holder warrants and attests that he/she is 18 years of age or older.

40. Should the OMG holder transfer OMG token to a new holder, the original OMG token holder is responsible for ensuring the transfer is within the applicable laws within all applicable jurisdiction.

41. If you are in any doubt about the contents of these Terms or the action you should take, you should consult your solicitor, accountant or other professional adviser immediately.



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