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Legal Opinion: *The Compliance of Bankroll VLT Token with Securities Laws and Regulations in USA and various other jurisdictions.*

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This document is prepared by AGS Legal LLP based on the information given to us by the Bankroll Community available at https:// bankroll.network/vlt.html which was last accessed on 18/07/2020.

All materials in this document is prepared in order to legally assess that BANKROLL VLT would be considered as "Security" as defined by Securities and Exchange Commission of the United States of America, here we have made every possible effort to analyze the legal aspects of the token which would in our opinion fall in either of the category i.e. a security and hence coming under the purview of SEC and if it doesn't, it would be a Non-Security making it outside of the purview of SEC, the opinion hereby expressed is based on subjective interpretation of the factors which are important to decide the nature of token as a security.

BANKROLL VLT can download, print and use this document for non-commercial use.

BANKROLL VLT in securities law framework would be **tagged as a Utility Token** as it would provide access to the ecosystem, wherein the VLT token would act as a currency for the ecosystem wherein people can participate and earn rewards based on their participation. They are not designed as an investment nor should anyone interpret or invest keeping in mind the same. The BANKROLL VLT serve this limited yet much important function and hence can only be termed as Utility Token and not a Security as per existing Securities Law Framework.

As more fully set forth in the component parts of this document, the document does not constitute legal advice and should not be relied on by any person.

BANKROLL VLT which have been issued by BANKROLL Team.

According to the information you have provided us, the BANKROLL VLT which is the subject matter of this analysis, will be used by various kinds of users/holders to use various platforms/technology developed by the Bankroll team which have been developed and continued development coming forth.

BANKROLL VLT is the fundamental unit on the BANKROLL VLT ecosystem. Bankroll VLT is a smart contracting token based on Ethereum Blockchain and is an ERC-20 token. The value of the VLT token will be its smart contract-based games and the services offered on its platform.

The Term ICO vs. TGE

The term "ICO" stands for Initial Coin Offering. This term is popular amongst the blockchain and cryptographic currency, and its meaning is known to be "new cryptographic token sale". This term's similarity to the term "IPO", to our opinion, is only meant to serve as an easy explanation to this digital event, which is often misunderstood to the common people. It should be noted that in order to avoid confusion, a part of the blockchain community prefers to use the term "TGE", which stands for "Token Generating Event". Nevertheless, to be perfectly understood by the community, to avoid unfamiliar and misunderstood nomenclature, for the convenience of analysis the term ICO has been used in this document although it does not carry any special meaning in legal terms.

Three Kinds of Tokens

Generally speaking, there are three kinds of tokens that can be issued to the public:

THE PROTOCOL TOKEN: The first kind of token is the classic "cryptographic currency". To put it simply, this token is called protocol token because what makes it special is the new or different protocol it uses. It is generally being used solely as an alternative currency, wholly digital. Its underlying blockchain serves nothing more than keeping a ledger of the transactions between token holders. It is usually mined or given away for free at issuance (either by creation of an entirely new network, either via a blockchain split event, a.k.a

"airdrop", or via some commercial sites that offer the token in exchange for some commercial participation, a.k.a "faucets"). In its initial digital issuance, this type of token is rarely exchanged for any value (sold), since initially it has no underlying or practical value at all.

UTILITY TOKEN: The second kind of token is being deemed by many as a coupon or a pre-paid gift card, or a coupon. This kind of token is basically a contract for provision of goods or services, to be redeemed by the token holder, once or continuously. In contrast with the protocol tokens which do not have any assets of any kind underlying them and their value is being based purely on mass psychology. The utility token has an actual underlying contractual right. Therefore, its value is determined not only by mass psychology but also by the value of the underlying right attached to it.

SECURITY TOKEN: The third kind of token is a digital asset, the purchase of which entitled the owner with number of rights which is similar to securities such as stocks or bonds. There are three major characteristics for an instrument to be deemed as a security: Voting rights in a general assembly or pertaining to important decisions of an entity, profit sharing such as distributions, and/or a right to claim against the Company to redeem the instrument in exchange for a value. Therefore, a security token, for example, might offer voting rights in the issuing entity, or rights in the profits of the issuing entity (or both). The issuing entity might also promise to redeem the tokens' value when there will be enough capital to do so. These are but examples of rights attached to such tokens, which can be deemed by many jurisdictions throughout the planet to be as securities per se, which therefore require to be compliant with the securities laws and regulations.

Which Kind of Token is the BANKROLL VLT?

The BANKROLL VLT is a smart contract based on Ethereum blockchain and is an ERC-20 token. The value of the VLT token will be its smart contract-based games and the services offered on its platform. Therefore, it is meant to serve as a Utility token; It is smart contract-based token used to offer services on the platform and has multiple uses. Therefore, the BANKROLL VLT is definitely a Utility token by definition.

The BANKROLL VLT does not grant any voting rights in the Company. Furthermore, the Company does not grant any pecuniary profits to the token holders, nor any rights to claim against the Company to redeem the token for pecuniary value. Therefore, at least at a preliminary review, the token will not be categorized as a security token. More on that in the next sections.

As per preliminary review it seems that The BANKROLL VLT token shall fall in the category of Utility token, there is furthermore discussion on this topic.

The Framework

In this document, we will be focusing on analyzing the BANKROLL VLT token per the U.S Securities laws and would also be discussing other major jurisdictions. In our opinion, the U.S

being a substantial market for selling blockchain tokens, has extensive set of laws which govern these topics and concurrently holds fairly complicated set of laws which govern this area. Furthermore, these laws hold inclusive definitions of securities, but still distinguish tokens from one another by classifying some as securities and others as non-securities. Therefore, we will conduct an in-depth analysis which will also be relevant to defining the token in the subject matter for many other jurisdictions which are not all-permissive or all-forbidding.

U.S Securities Laws

In the U.S, issuing, offering, or selling unregistered securities will be a violation of Section 5 of the Securities Act of 1933, and the issuer can face 5 years of prison. Furthermore, investors may initiate lawsuits under Section 5 and Section 12(a)(1) of the Securities Act of 1933 (or 15 Code §77e and §77l(a)(1)) for damages of selling non-exempted security without registering it. Moreover, the Securities Exchange Act of 1934 gives powers in section 10(b) to federally regulate fraudulent security practices, wherein regulation 17 C.F.R. 240.10b-5 (c) gives investors the right to sue any issuer for fraud or deceit. It should be noted that similar laws apply in many other jurisdictions.

The Securities and Exchange Commission (hereinafter, the "SEC"), has issued the "Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO" (Release No. 81207 / July 25, 2017) wherein a few fundamentals were promulgated. Firstly, SEC has stated that the existing federal securities laws are sufficient to tackle the token issuance. Secondly, and more importantly, the SEC has pointed out that not all tokens are securities, and that such classification shall be determined on a case-by-case basis.

In order to define a token as a security, the SEC has stated that "Howey Test" shall be applied (defined hereinafter), which indeed was applied by the SEC in that particular DAO project token issuance SEC investigation on which its report was written. Finally, the SEC has treated DAO, an unincorporated, non-resident, virtual organization, definitely not situated in the U.S, as an entity for which the Securities laws also apply to, and by reference applying the U.S laws to who so ever offers or sells securities to U.S persons, no matter in which jurisdiction the issuing entity is incorporated and/or located.

Form Over Substance

We have preliminary identified the BANKROLL VLT as a Utility token. Nevertheless, this determination is superficial. Firstly, determining whether a transaction involves a security does not turn on labelling; if we say it's a Utility token, it does not make the issued token a Utility token. Secondly, even if the BANKROLL VLT has a practical utility use, it does not necessarily preclude the token from being a security – but instead requires an assessment of "the economic realities underlying a transaction." (United Housing Found., Inc. v. Forman, 421 U.S. 837, 849 (1975) (the "Forman" Case)).

The "test... is what character the instrument is given in commerce by the terms of the

offer, the plan of distribution, and the economic inducements held out to the prospect" (SEC v. C.M. Joiner Leasing Corp., 320 U.S. 344, 352-53(1943))

Analysis: Is BANKROLL VLT TOKEN Compliant with Securities Laws and Regulations?

Securities must be registered per Section 5 of the Securities Act of 1933 as stated here in above. Of course, that instrument which is not security need not be registered. Therefore, one must first examine the definition of Security:

"(a) Definitions - When used in this subchapter, unless the context otherwise requires— (1) The term "security" means any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral- trust certificate, pre organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing." 15 U.S. Code §77b.

Similarly, the Securities Exchange Act of 1934 defines a security, in the following fashion: "The term ''security'' means any note, stock, treasury stock, security future, security-based swap, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease, any collateral-trust certificate, pre organization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or in general, any instrument commonly known as a ''security''; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or anynote, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited." Section 3(a)(10) of the Securities Exchange Act of 1934.

The U.S Supreme Court has stated that the term "investment contract" in these two definitions is treated as being the same (SEC v. Edwards, 540 U.S. 398 (2004)).

So, we can see that the U.S term "security" includes also an "investment contract". An investment contract is an "investment of money in a common enterprise with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of

others."(see SEC v.Edwards, 540 U.S.389, 393 (2004); SEC v. W.J.Howey Co., 328 U.S. 293, 301 (1946); see also the Forman case, at 852-853) (in this work, the "Howey Test"). To be accurate, the Howey Test requires that the profits will be made solely from the efforts of others:

"… an investment contract for purposes of the Securities Act means a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party…. Such a definition…permits the fulfillment of the statutory purpose of compelling full and fair disclosure relative to the issuance of the many types of instruments that in our commercial world fall within the ordinary concept of a security…. It embodies a flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits." (SEC v. W.J. Howey Co., 328 U.S. 293 (1946))

Therefore, according to the Howey Test, four prongs are to be met in order to declare an investment contract as a security:

a) Investment of Money;
b) [in a] A Common Enterprise;
c) [with a reasonable] Expectation of Profits; and
d) [to be derived from the entrepreneurial or managerial] Effort of Others;

Prong 1: Investment of Money

The BANKROLL VLT tokens were issued in exchange of Ethereum to do a liquidity raise where in all the proceeds were locked, as is coded into Uniswap v2 Liquidity pool. To clarify, these are not money per se, but on August 6th 2013, the U.S. District Court for the Eastern District of Texas held that Bitcoin is within the definition of "money" for purposes of the rules governing investment contracts – Bitcoin can purchase goods or services, and can be exchanged for conventional government-backed currencies (SEC v. Shavers, No. 4:13-CV-416, 2013 WL 4028182, (E.D. Tex. 2013), reconsideration aff'd, No. 4:13-CV-416, 2014 WL 12622292 (E.D. Tex. 2014).

In the BANKROLL VLT Liquidity Raise, the team did not receive the Ethereum for themselves but the exchange was done for Uniswap v2 Liquidity pool wherein all the proceeds are locked and cannot be undone. Therefore, this prong is met in essence as there was exchange for Ethereum with the BANKROLL VLT token.

Prong 2: A Common Enterprise

There are two sub-tests for the "Common Enterprise" prong – the horizontal commonality test, and the vertical commonality test, which is being divided into the narrow vertical and the broad vertical. The U.S courts have applied these two tests alternatively. The horizontal commonality test, which is the more common test, requires the pooling of assets from multiple investors so that all will share in the profits and risks of the enterprise i.e. the profits of each investor are similar to those of the other investors.

Both vertical commonality tests require that the investor's fortunes will be tied to the issuer/promoter's success, rather than to the fortunes of its fellow investors; the broad vertical commonality test requires that the well-being of all investors be dependent upon the issuer/promoter's expertise. On the other hand, the narrow vertical commonality test requires that the investors' fortunes be "interwoven with and dependent upon the efforts and success of those seeking the investment ... of third parties" (SEC v. SG Ltd., 265 F.3d 42, sec. 31-35 (1st Cir. 2001)).

As for the horizontal commonality test, the BANKROLL VLT was exchanged with Ethereum for a liquidity raise and is operating as Utility token, they exchanged their tokens for a liquidity raise, in total, 637 Ethereum was raised from 1,465,000 tokens. The 637 Ethereum was then programmatically injected and used to seed to the liquidity pool on Uniswap V2 wherein all the funds received are locked and for the 198,000 VLT tokens made available during the liquidity raise. Nevertheless, there is also the requirement for a mutual share in the profits and risks of the enterprise. Here, since the value of the token shall be based on user participation and mass adoption of the technology to which no single person is bearer to profits and losses of the same, though it might indicate towards common enterprise but it is not the case. By exchanging the BANKROLL VLT, the token owners can use the technology and various other platforms built under the aegis of BANKROLL. There is no advantage to buy the BANKROLL VLT except for the purpose of participating in the technology mass adoption and various other milestone targets.

If one so desire, and therefore there is no correlation between all token holders' "profits" – the use of the token is discretionary. Furthermore, the token can be sold at exchanges so the user can at any time get out of the investment and the earnings from using the shall be based on each user's effort and doesn't have much to do with the common enterprise, It is an established crypto coin that is expanding to become a blockchain platform for multiple applications and projects already running under the name of Bankroll. It is developed, supported, and promoted by the Bankroll team, which has not only designed a new smart contract ERC-20 token based on Ethereum, Essentially, Bankroll VLT is a based on some of the best and most innovative technologies of the crypto world, By that it seems that the horizontal commonality test's requirements are not met.

By applying the narrow vertical commonality test, we can clearly see that the investors' funds are not connected or dependent upon the success of the token issuer. The BANKROLL VLT technology which has been in place and will be improved along with various other facets of business the earning of the token holder shall be based on much that person interacts at the platform and value of the token shall be based on various factors like adoption of the technology to which the token holders also contribute in their own way. That means the token holders don't benefit solely from the efforts of others.

And finally, as far as the broad vertical commonality test is concerned, it would be wrong to say that the well-being of all investors is dependent upon the issuer/promoter's expertise, because the BANKROLL VLT tech and various other platforms is to use in an interactive manner and each token holder has an equal chance of making it successful. Therefore, the token holders' well-being is completely disconnected from the issuer's expertise, wherein the activation of the rights of the digital tokens will be an automated technicality, involving only

the digital world. Therefore, we see these vertical commonality tests' requirements unmet.

To conclude, BANKROLL VLT does not meet horizontal commonality test requirements, the token holders' pecuniary rights are not being accumulated, they are discretionary. Therefore, it only seems reasonable that this prong is not met.

Prong 3: Expectation of Profits

This prong does not merely require the customer who buys the token to expect profit, because it seems unreasonable that someone will purchase a service or a good with out taking into account the probability that the purchased will increase in value. The expectation of profits from a purchase of any kind of valuable is almost always present. Therefore, it seems that the prong requires not only that there will be an expectation to profit, which is trivial, but also that the purchase of that valuable will be primarily motivated by making profits (upon resale for example), rather than by consuming or using that which was purchased. The personal consumption is a vital part of considering whether this prong is met or not, wherein it should be examined if the primary motivation of purchasing the token is to profit upon resale, or to use the underlying rights of the token. There are several court cases where this differentiation was stipulated, for example see the Forman Case. Per Forman, it "is an investment where one parts with his money in the hope of receiving profits from the efforts of others, and not where he purchases a commodity for personal consumption or living quarters for personal use".

Upon reviewing our matter, the BANKROLL VLT was exchanged for Ethereum Cryptocurrency, The people who bought the tokens over the exchanges will primarily be motivated by functionalities it provides and also when the milestones are met it can be put to different uses in various scenarios. So, the least possible probability would be that the person is purchasing the tokens for purpose of profit upon resale as noted above it is a Utility token and no money was ever raised from general public it would be unjust to reach a conclusion that the token holders are holding it for profit upon resale. Nevertheless, since the token provides a real consideration and functionality, it only seems reasonable that purchasers will use the token's rights for consumption and participation at the platform. Therefore, for the personal users, this prong's requirement seems not to be met, while for the secondary market investors, this prong can be deemed fulfilled.

Prong3A: Causal Connection Between the Investors 'Expectation of Profits and the Actions of the Issuer

As this prong should be tested only after the offering of an instrument for actions done on the part of the issuer, to create expectation of profits in the potential buyers, i.e. promises or statements from the Company within or prior to the Token Sale, to spur expectation of profits in the Token Sale participants. It needs to be highlighted that BANKROLL VLT although did liquidity raise wherein the Bankroll VLT tokens were exchanged for Ethereum and the funds raised were locked in Uniswap v2 Liquidity pool. The incidental increase in the price (if any) of the BANKROLL VLT is secondary and not the primary purpose of conducting of issuing the coin.

Prong 4: From the Efforts of Others

This prong is based on the fulfillment of the requirement of the previous prong – expectation of profits. Assuming that prong3 is met (where as to our opinion BANKROLL VLT does not always meet its requirement for the above mentioned arguments), this prong "from the efforts of others" is examining the source of the profits - "whether the efforts made by those other than the investor are the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise." (the Forman Case; SEC v. Glenn W. Turner Enters., 474 F.2d 476, sec. 28 (Feb. 1, 1973)). Therefore, this prong cannot, on its own, qualify any instrument (or token) as a security.

Why "significant" and not "solely"? Initially, in the Howey case, the phrase is stated "solely from the effort of others". Nevertheless, the Forman case has construed the word "solely", in that context, as requiring significant or essential managerial efforts necessary to the success of the investment (instead of being the "sole effort" as this phrasing means literally). token users vs. Buyers for the Sake of Price Appreciation in the Secondary Market.

In reality, the general market for the BANKROLL VLT is composed of two major kinds of users. There is the purchaser which intends to use the token for its underlying rights for consumption, and there are those who will purchase the tokens for further secondary market appreciation. The latter will sell the tokens in the secondary market for a profit.

Prima facie, the purchasers who only purchase the token in the secondary market, are motivated by "expectation of profit". The purchasers for the sake of future selling in the secondary market might make profit per se, and courts in Forman held that "Profits" can also mean "capital appreciation resulting from the development of the initial investment" (the Forman Case).

Nevertheless, this profit will not be generated from "the effort of others". In reality, every valuable can be expected to appreciate due to secondary market factors which are not related to any continuing effort of the issuer. For example, there could be a purchase of a real estate, or gems that could appreciate later, and be sold in a profit. The purchase agreement of a real estate cannot be considered as an investment contract solely due to the fact that the real estate will almost certainly appreciate. Therefore, mere appreciation in the second market cannot be perceived as made by "the effort of others". To support this argument, it has been held by number of cases that mere secondary market appreciation cannot at all be construed or perceived as derived from "the effort of others", e.g.: "The mere presence of a speculative motive on the part of the purchaser or seller does not evidence the existence of an "investment contract" within the meaning of the securities acts. In a sense anyone who buys or sells a horse or an automobile hopes to realize a profitable "investment." But the expected return is not contingent upon the continuing efforts of another." Sinva v. Merrill Lynch, 253 F. Supp. 359, 367 (S.D.N.Y.1966) Therefore, the fact that a person might purchase the token solely in order to sell it in the secondary market for profit, does not constitute on its own the prong 4, the "effort of others".

The Undeveloped Project, and the Pre-sale

There are two common definitions for a pre-sale. The first is receiving orders of future tokens prior to their issuance. The second definition is selling tokens in a discount, but in a limited quantity, and only in exchange for large orders. These are common acts amongst the blockchain community and it is meant to serve as an incentive to participate in the Token Sale. As for the differentiation between Token Sale and their Pre-sales, it goes without saying, that presales to Token Sales, like Token Sales themselves, should likewise undergo an examination per the Howey Test (or other securities laws in case of other jurisdictions).

The Pre-sale occurs, and often the Token Sale occurs, prior to the development of the project. Since the development of the project is being made by the issuer, this act might be considered as "essential managerial efforts of others". If this is the case, then the token might be deemed a security.

There are two approaches to address the pre-sale issue, two schools to treat the undeveloped project's token sale, as far as prong4: "the effort of others" is concerned.

The first approach can be considered, to our opinion, as a "technical approach". This school argues that if the project is undeveloped, then the tokens' value is almost utterly dependent on the managerial efforts of the issuer. Therefore, in case a token is sold when the project is undeveloped, then the tokens meet the requirement of prong 4 and along with the analysis of the previous prongs as well, the tokens might be deemed as a security. Here in the case of Bankroll VLT Tech was already developed and some features of the platform are in progress, all the details regarding the milestones were discussed in the whitepaper and the some of the coins were pre-mined and users were allowed to mine the coins using a specific technical functionality developed and ready to run.

This school has conceived the "SAFT". The acronym stands for "Simple Agreement for Future Tokens". This is a legal document which is based on the SAFE, a "Simple Agreement for Future Equity". The SAFT is an instrument which is meant to serve as a way to bypass the technical issue of undeveloped project being dependent upon the essential managerial efforts of others.

The SAFT is an investment contract, to receive tokens in a future date. The SAFT itself is meant to serve as "investment agreement" in the U.S securities laws federal meaning as previously discussed. Therefore, the SAFT should be sold only under the exemption from registration of rule 506 (C) of Regulation D of the Securities Act, which limits the offer of the SAFT only to 35 people, and to unlimited "Accredited Investors", one definition of whom is "Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds $1,000,000"(Rule501(a)(5)).

The SAFT project has conducted a thorough analysis, is very interesting and instructive, and on top it may offer some theoretical tax benefits, which we shall not cover in this work.

Nevertheless, so far as the U.S securities laws are concerned, per this technical approach, we see no material difference between selling the SAFT, and selling actual tokens – so long as the project is still undeveloped. In both cases, per the technical approach, the securities laws are to apply, and therefore only 35 people and unlimited "accredited investors" may enjoy from the benefits of the Token Sale or its pre-sale, whether by Token Sale or without it. Not applicable in this case due to the above said development phase already achieved.

The second approach look past the technicalities of whether the project is fully developed or there is still work to be done, utilizing the funds raised or regardless. We may name this approach "the material approach" as it prefers substance over form. Per this approach, a token shall be a security, or non-security, regardless of the fact that the project is not fully developed yet .i.e. the token sale does not change its legal nature or character completely due to the mere fact that the project is completed or nearly complete.

From the two approaches, we favor the second "material approach". We believe that the thought that a token sale is a security merely because the underlying project is not fully deployed or completed, is a legal error as far as cooperative Token Sales are concerned. Though by reviewing common policies and considerations regarding investors protection we can clearly understand that a purchaser's risk in buying a token of an undeveloped project is larger than if the project was developed, it is nevertheless limited still, and understood due to the cooperative nature of many of the Token Sale projects.

The Forman Case turned on a cooperative housing project. The court stated that "people who intend to acquire only a residential apartment in a state-subsidized cooperative, for their personal use, are not likely to believe that, in reality they are purchasing investment securities simply because the transaction is evidenced by something called a share of stock…the inducement to purchase was solely to acquire subsidized low-cost living space; it was not to invest for profit…when a purchaser is motivated by a desire to use or consume the item purchased ... the securities laws do not apply". So, we can clearly see that the Forman Case explains that cooperative initiatives, where a purchaser is likely to purchase a share in the project itself (not in the legal entity), will generally not be treated as securities offerings.

As most Token Sales hold an underlying cooperative ideal, in case such exists, it must be taken into account in considering whether the "essential effort of others" prong is met or not. Therefore, as far as cooperative Token Sales are concerned, we must state our opinion that a token should not be viewed as if it has changed its nature or legal status merely because it is sold prior to the system's launch, the project's completion or the code's development.

Moreover, and to support the view of the second "material approach", we wish to indicate that the first "technical approach" disregard the development stage of the project and classifies its token sale as a potential security. It is possible that the very last steps are missing and the Token Sale is being conducted and completed concurrent or just prior to the completion of the

development of the project. Still, this "technical approach" shall deem such a project as utterly dependent on the essential managerial efforts of others, and as such – a security.

Nevertheless, we wish to note that we have not found any conclusive law or case law on the subject to prefer either view on the subject matter. Hence, we do not further inquire on this subject further.

In the case at hand, the development of the underlying project is under process though some of the functionalities are fully developed and some of them are with longer incubation period and will be developed over a period of coming months.

Therefore, as per our view, in case of the BANKROLL VLT, considering the fact that the system is already developed by the time of the offering, and considering its participative characteristics and some of the functionalities will be developed in future, this prong cannot be termed as fully met.

Interim conclusion – the Howey Test

By concluding all the variants on the BANKROLL VLT, we can safely assume that the BANKROLL VLT will not be deemed as a security per the Howey Test. It takes all four prongs to be fulfilled in order to see an instrument as a security. The "investment of money" is not met, the "common enterprise" with the horizontal commonality test might not be, since the rewards for holding the token are based on participation at the BANKROLL VLT Network and users/token holders will be rewarded on the basis of their participation and the tokens serve a purpose for using the platform in various ways and not just by holding the tokens. Furthermore, the interested users of the BANKROLL VLT can buy the tokens only from the secondary markets as they are listed at exchange and can use them at the platform. According to our analysis, also the two vertical commonality tests are not met.

Furthermore, the "expectations of profit" prong will not be fulfilled as far as the personal consumers are concerned but will definitely be fulfilled for the purchasers with the intent to sell the tokens in the secondary market for profits.

And eventually, for the "effort of others" component, the schools are divided between the technical approach and the material approach, wherein per the technical approach the "efforts of others" component is not met because the BANKROLL VLT network has already started and the profits of the investors are dependent upon the efforts of the participants, whilst the material approach, which we support, claims that that the "efforts of others" component is not fulfilled because an instrument does not utterly change its legal status just because the underlying project has not been completed yet. So, the overall risk score is quite minimal and we are positive that BANKROLL VLT shall not be considered as 'Security'.

Therefore, per our legal view, BANKROLL VLT should not be deemed as a security per the U.S federal securities laws.

The Risk Capital Test

The U.S securities laws are both federal and state. State laws are called "blue sky laws". A Token Sale or any other instrument must comply with both, each time it is offered to the public. It may be possible that under federal laws the instrument will not be considered as a security, but under state law it will. Therefore, it is necessary also to point out that some U.S states use an entirely different test to determine whether an instrument is being a security or not. The test is "the risk capital test".

Generally, courts in states that apply this test will apply it along side with the Howey Test, alternatively; If either test is met, then the instrument shall be deemed as a security (State v. Consumer Business Systems, Inc., 5 Or. App. 19, 482 P.2d 549 (1971)).

As opposed to the Howey Test, the Risk Capital Test ignores the "profit" component of the Howey test, which were a pecuniary benefit, with any kind of valuable benefit one might be induced to purchase (the "act extends even to transactions where capital is placed without expectation of any material benefits" - Silver Hills Country Club v. Sobieski, 55 Cal. 2d 811 (1961) (hereinafter, "Silver Hills")).

Simply put, the Risk Capital Test, examines whether there was a contributed risk capital, subject to the entrepreneurial or managerial efforts of others (Amfac Mortgage Corp. v. Arizona Mall of Tempe, Inc., 583 F.2d 426 (9th Cir. 1978)). If the contribution is secured in some way, it will not be deemed as a risk capital and therefore the instrument will not be deemed as a security.

In the constitutive Silver Hills case, the Risk Capital Test stipulated that an investment contract exists when three prongs are met:

1. funds are being raised for a business venture or enterprise (the risk capital); an indiscriminate offering to the public at large;
2. a passive position on the part of the investors, i.e. investors do not affect the success of the initiative;
3. the conduct of the enterprise by the issuer with another people's money;

The Risk Capital Test was also applied to cooperative initiatives (Silver Hills; Jet Set Travels Club v. Corporation Com'r, 21 Or. App. 362 (1975) (hereinafter, "Jet Set")), wherein under the federal courts definition these cooperatives were not to be deemed as securities because the members joined the club to get the benefits of membership, and not for a financial return. Nevertheless, the court in Silver Hills held that the sale of membership to a country club was a security because the initiative utilized risk capital. The investors were risking their capital in expectation of receiving the benefits of membership.

It should be noted that in Silver Hill, the court also addressed the fact that there were no existing facilities for which the right to use could be sold to purchasers. In the subsequent case, Jet Set, the Oregon Court of Appeals limited the risk capital test, applying it only to undeveloped enterprises. Jet Set, too, was about a cooperative initiative - a mutual purchase of

jet plane for the use of the members. The membership was nothing more than a sale of right to use the existing facilities.

Therefore, for our purposes, we see that on one hand the Risk Capital Test expands the "benefit" component of investment to non-pecuniary benefits, making also cooperative Token Sale initiatives exposed to be deemed as securities, and on the other hand, if the Token Sale's underlying project is already completely developed, the token will unlikely be deemed as such. i.e., the test reviews whether the funds were used to establish the business or the business was already established when the funds were raised. **In our case the BANKROLL VLT was substantially developed therefore this Risk Capital Test is not met**.

To the best of our research, the risk-capital test has been adopted in in several jurisdictions, whether by courts or by blue sky laws and regulations:

- Alaska (Act of July 2, 1975, ch. 217, 1975 Alaska Sess. Laws (codified at ALASKA STAT. §45.55.130(12) (Supp. 1979)))
- California (the Silver Hills case);
- Idaho (State ex rel. Park v. Glenn W. Turner Ents., [1971-1978 Transfer
- Binder] BLUE SKY L. REP. (CCH) 71,023 (Idaho Dist. Ct. 1972));
- Oregon (the Jet Set case)
- Arkansas (Smith v. State, 266 Ark. 861, 587 S.W.2d 50 (ct. App. 1979)) Michigan (MICH. STAT. ANN. § 19.776(401) (I) (Supp. 1980));
- Oklahoma (OKLA. STAT. tit. 71, § 2(20)(P) (Supp. 1980);
- Ohio (State v. George, 362 N.E.2d 1223 (Ohio Ct. App. 1973));
- Hawaii (State v. Hawaii Market Center, Inc., 52 Hawaii 642, 485 P.2d 105 (1971));
- Guam (Securities Admin. v. College Assistance Plan, Inc., 533 F. Si[[. 118 (D. Guam 1981), aff'd, 700 F.2d 548 (9th Circ. 1983);
- Washington (WASH. REV. CODE § 21.20.005(17)(a) (1979)) North Dakota (N.D.C.C. 10-04-02 (1951));
- Wisconsin (Wisconsin Uniform Securities Law 551.102 (28)(d)2.);

Therefore, in these jurisdictions, there is some risk that the use of funds raised by tokens to

develop a project, even if it is a cooperative project, may be deemed as a security. **In our case the BANKROLL VLT steers clear of the test and its requirements are not met**.

Per the above analysis in case the underlying project has not been fully established or developed, and the funds will be used to develop the project itself, then the Risk Capital Test's requirements is likely to be met but not in our case.

Nevertheless, and similar to the Howey Test, it should be noted that the Risk Capital Test has not yet been directly applied to cryptographic tokens in the U.S. As opposed to the Howey Test being applied on the DAO, the Risk Capital Test has not been ever applied to any blockchain instrument.

Bankroll VLT and Life Coin

The Bankroll Network's Ethereum stable coin where Life holders additionally earn Ethereum and VLT rewards passively from the community drip dividend pools. Life will not fluctuate in value and are pegged 1:1 with Ethereum.Life are not an actual ERC-20 token; therefore, they cannot be listed on other exchanges. Rather they are an internal token used as a place holder for accounting purposes within the smart contract itself.

Conclusion

Based on that definition and our reading of relevant case law, as well as on our understanding of the facts and our review of the materials provided to us as regards the structure of the BANKROLL VLT, we conclude that the Token issued/generated by you, the **BANKROLL VLT should not be deemed as a security by federal securities laws of USA**. Accordingly, the federal securities laws would not apply to the initial distribution and subsequent trading of those tokens.

Further Allowed Jurisdictions

Many jurisdictions share a very similar view of how to define a security. A security is generally being defined as a collection of rights relating to a company. There is a range of types of securities, but they mainly divide into equity securities (shares) or debt securities

(bonds, ETNs, ETFs).

In the case of the BANKROLL VLT, we can clearly see that it holds no "share" right in the Company such as voting, profits, liquidation rights. Therefore, as far as we're aware of, **offering the BANKROLL VLT to the rest of the jurisdictions will not deem as local infringement of securities laws**. Other major jurisdictions and their securities law analysis is presented below:-

Republic of Singapore

This section sets forth our legal opinion as to whether the Bankroll VLT token would likely constitute an ownership interest in Bankroll`s assets or property for purposes of the Securities and Futures Act.

Following the SEC's DAO Report, Singapore's financial regulatory body and central bank, the Monetary Authority of Singapore ("MAS"), clarified its own position and treatment of token offerings.

The statement indicated that the offer or issue of digital tokens in Singapore will be regulated by MAS if the digital tokens constitute products regulated under the Securities and Futures Act (Cap. 289) ("SFA"). Specifically, where digital tokens fall within the definition of securities in the SFA, issuers of such tokens are required to issue and register a prospectus with MAS before the offering of such tokens, unless otherwise exempted.

Digital tokens may be securities subject to the SFA where they represent ownership or a security interest over an issuer's assets or property and may therefore be considered an offer of shares or units in a collective investment scheme.

However, the MAS guidance leaves open the possibility that not all token sales are subject to the SFA and that some token sales may be distinguishable from equity or debt interests in the issuer or its assets. To date, MAS has not explicitly declared that SFA applies to utility tokens. Thus, similarly to the SEC regime, there appears to be an implied carve-out for utility tokens. Here, applying the Howey analysis above, the exchange of Bankroll VLT token does not appear to trigger the SFA securities laws since the Bankroll VLT token function as utility token rather than representations of equity or debt interests. Below we give a more detailed examination of the applicable law.

Overview of Applicable Legislation

In November 2017 MAS has issued a Guide to Digital Token Offerings, clarifying the MAS position on implementing the national legislation to the token offerings. According to the Guide, offers or issues of digital tokens may be regulated by MAS if the digital tokens are capital markets products, which may mean any securities, futures contracts, contracts or arrangements for the purposes of foreign exchange trading, contracts or arrangements for the purposes of leveraged foreign exchange trading, and such other products as MAS may prescribe as capital markets products. For instance, digital tokens may constitute a share, a debenture, or a unit in a collective investment scheme, and as such become subject to the applicable regulations imposed by the SFA.

Another possible regulation that can be considered as applicable to the Bankroll VLT token are the regulations on the Stored value facility (SVF) as prescribed by the PSOA.

It is necessary therefore to assess whether Bankroll VLT token can be considered a capital market product or a stored value facility under the Singapore law.

5.1.2. Capital market products.

According to the Section 2.— (1) of the SFA, capital markets products means any securities, futures contracts, contracts or arrangements for the purposes of foreign exchange trading, contracts or arrangements for the purposes of leveraged foreign exchange trading, and such other products as the Authority may prescribe as capital markets products.

5.1.2.1. Securities.

The definition of security as provided by the SFA includes:

a) debentures or stocks issued or proposed to be issued by a government;

b) debentures, stocks or shares issued or proposed to be issued by a corporation or body unincorporated;

   i. Securities and Futures Act (Chapter 289 of the laws of Singapore).

   ii. Payment Systems (Oversight) Act (Chapter 222A of the laws of Singapore).

c) any right, option or derivative in respect of any such debentures, stocks or shares;

d) 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;

e) any unit in a collective investment scheme;

f) any unit in a business trust;

g) any derivative of a unit in a business trust; or

h) such other product or class of products as the Authority may prescribe.

It is therefore necessary to assess in detail whether Bankroll VLT token can be considered each of these instruments.

5.1.2.1.1. Debentures or stocks issued by a government.

This clearly does not apply to Bankroll VLT token since the Company is not a government of any country.

5.1.2.1.2. Debentures, stocks or shares issued by a corporation or any right, option or derivative for them.

The definition of the debenture as provided by the same article and 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.
Bankroll VLT token is not a debt instrument and does not entitle its holder to any assets of the Company, nor the right to acquire such a right, so it cannot be considered as a debenture;
The definition of share and stock is provided by the section 4(1) of the Companies Act: share means a share in the share capital of a corporation and includes stock except where a distinction between stocks and shares is expressed or implied.
Bankroll VLT token does not grant its holder any rights associated with a share in the share capital of any corporation, nor does it grant any rights similar to the rights provided by shares, so it cannot be considered a share or a stock; neither is it a derivative in respect to any such rights.

5.1.2.1.3. CFDs or other contracts with reference to fluctuations in securities

Bankroll VLT token is not related to any debentures, stocks or shares, and holder of Bankroll VLT token does not have any rights related to the fluctuations of such assets.

5.1.2.1.4. Unit in a CIS

According to the Section 2.—(1) of the SFA, collective investment scheme means an arrangement in respect of any property under which the participants do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management; and the property is managed as a whole by or on behalf of a manager; under which the contributions of the participants and the profits or income from which payments are to be made to them are pooled; and the purpose or effect, or purported purpose or effect, of which is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management or disposal of, the exercise of, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property; or to receive sums paid out of such profits, income, or other payments or returns.
In relation to a collective scheme, unit means a right or interest in a collective investment scheme, or an option to acquire any such right or interest.

The business operations of the Company do not constitute a collective investment scheme, since the Bankroll VLT token holders are not entitled to participate in any profits generated by the Company, and the act of purchasing Bankroll VLT token does not grant its holder any rights toward any property or proceeds of any property.

Bankroll VLT token, therefore, cannot be considered a unit in a collective investment scheme.

5.1.2.1.5. Unit in a business trust or derivatives of such unit.

Business trust is defined in section 2 of the Business Trusts Act as a trust that is established in respect of any property and that has the following characteristics: the purpose or effect of the trust is to enable the unit holders to participate in or receive profits, income or other payments or returns arising from the management of the property or management or operation of a business; the unit holders of the trust do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management; the property subject to the trust is managed as a whole by a trustee or by another person on behalf of the trustee; the contributions of the unit holders and the profits or income from which payments are to be made to them are pooled; and the units in the trust that are issued are exclusively or primarily non-redeemable; or the trust invests only in real estate and real estate-related assets specified in accordance with the MAS prescriptions.

Unit in a business trust means a share in the beneficial ownership in the trust property of the business trust. Since the Company is not a trust and Bankroll VLT token holder are not entitled to any profit, Bankroll VLT token cannot be considered a unit in a business trust or a derivative thereof. 5.1.2.1.6. Other products prescribed by the MAS. MAS has not taken any action in regards to Bankroll VLT token and has not prescribed Bankroll VLT token or similar products as securities. 5.1.2.2. Futures contracts. According to the Section 2.—(1) of the SFA, futures contract means a contract the effect of which is that one party agrees to deliver a specified commodity, or a specified quantity of a specified commodity, to another party at a specified future time and at a specified price payable at that time; or the parties will discharge their obligations under the contract by settling the difference between the value of a specified quantity of a specified commodity agreed at the time of the making of the contract and at a specified future time, and includes a futures option transaction. Bankroll VLT token does not constitute a futures contract, since it does not grant its holder any rights towards delivery of any commodity in the future. 5.1.2.3. Forex contracts or arrangements. According to the Section 2.—(1) of the SFA, foreign exchange trading has the meaning given to it in the Second Schedule, which is the act of entering into or offering to enter into, or inducing or attempting to induce a person to enter into or offer to enter into, a contract or an arrangement the effect of which is that (a) a party agrees to exchange currency at an agreed rate of exchange with another party whether the currency exchange is effected at the same time or at a specified future time and whether by way of delivery of an amount of currency for another currency, by way of crediting the account of the other party with an amount of another currency, by way of settlement or set-off between 2 or more persons or otherwise; or (b) a party agrees to settle in any manner with another party the difference between the value of any currency index agreed at the time of the making of the contract or arrangement and at a specified future time. This is clearly not the case with Bankroll VLT token; neither is the leveraged foreign exchange trading, specified by the same Schedule as a special case of foreign exchange trading.
Other products prescribed by the MAS as capital markets products.

MAS has not taken any action regarding Bankroll VLT token and has not prescribed Bankroll VLT token or similar products as capital market products.

5.1.3. Stored value facilities

PSOA imposes certain regulations on the stored value facilities. It is necessary to assess

whether Bankroll VLT token can be considered SVF under the Singapore law. According to Section 2.—(1) of PSOA, SVF is defined as a facility (other than cash), whether in physical or electronic form, which is purchased or otherwise acquired by the 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). The holder is defined as a person who holds the stored value and makes payment for such goods or services; and the stored value is defined as a sum of money that has been paid in advance for such goods or services, is available for use from time to time for making payment under the terms and conditions applying to the stored value facility and is held by the holder of the stored value facility. It is a question therefore, whether Bankroll VLT token shall be considered SVF and the Company shall be considered a holder of SVF for the purposes of the PSOA. It seems unlikely for the reasons similar to those mentioned in the section on the European regulation of the electronic money. While it is possible to purchase Bankroll VLT token by paying a sum of money to the Company, such a sum of money will not be available for making any payments by the user, and thus cannot be considered a stored value. Furthermore, by transferring Bankroll VLT token to another user - a service provider - as a consideration under the contract between such users, no obligation to pay to such service provider arises for the Company, since the transfer of the Bankroll VLT token is a consideration in itself. It is unlikely that regulations of the stored value facilities are applied to Bankroll VLT token.

5.1.4. Singapore overview.

As it has been demonstrated in this Section, **Bankroll VLT token is unlikely to be considered a capital market instrument according to the Singapore legislation. Furthermore, it is unlikely that regulations on stored value facilities can be applied to the Company in regard to the issuance or listing of the tokens**.

Canada

This section sets forth our legal opinion as to whether the Bankroll VLT liquidity raise would likely constitute a security offering for purposes of Canadian securities law. The leading Supreme Court case for determining whether an instrument meets the definition of security is Pacific Coast Coin Exchange v. Ontario Securities Commission. The Court articulated a test similar to the Howey test in the United States. The test is as follows:

i. an investment of money;

ii. in a common enterprise;

iii. with the expectation of profit;

iv. to come significantly from the efforts of others.

Most recently, the Canadian Securities Administrators ("CSA") released guidance on treatment of cryptocurrency offerings and revealed that tokens that function like securities under the Pacific Coast test will be treated as such. The securities laws of Canada will apply if (1) the

person or company selling the securities is conducting business from within Canada; or (2) if there are Canadian investors. Payment Systems (Oversight) Act (Chapter 222A of the laws of Singapore).

Here, if the Bankroll VLT liquidity raise was found to be a securities offering, it would need to comply with the securities laws of Canada since it allows for Canadian investors. However, applying the Howey analysis above, **Bankroll VLT token does not appear to be securities under the Pacific Coast test, and, thus, Canadian securities laws are not triggered.**

China.

This section sets forth our legal opinion as to whether the Bankroll VLT token will be lawful in China. Most recently, it was noted that No PRC law or regulation prohibits Chinese investors from holding cryptocurrencies or trading cryptocurrencies. The ban is based on the token sale conducted in China. Since the Bankroll VLT liquidity raise was never conducted in China so, **Bankroll VLT token is in compliance with current Chinese law on Cryptocurrencies.**

Cyprus.

Unlike many other EU members, Cyprus has decided to stay aside and so far in any way not responding to the ICO. In Cyprus it is allowed to own bitcoins, buy them, extract and change. Cyprus charges income tax on all types of profit for both individuals and legal entities; but individuals may exclude income derived from the sale of securities, therefore, classification (in this case) is key. As for the increase capital from transactions (exchanges), Cyprus pays only the tax on income from the sale real estate. (In addition) schools and universities of this state favorable to payments in bitcoins...". In this aspect, of course, Cyprus is set a positive, but regulatory enforcement is still virtually absent. In October 2017, the Commission on securities and stock market of the Republic of Cyprus (CySEC) clarified the requirements for investment companies operating in the country (Cypriot Investment Firm, hereinafter — CIF) in the provision of services related to virtual currencies and derivatives in which it acts as a underlying asset, in particular, with contracts for difference prices (Contract for Difference, hereinafter — CFD). In the EU, there is no direct regulation of the turnover of virtual currencies or derivatives in which they are the underlying asset. There is no common understanding of how the provisions of Directive 2004/39/EC on financial instrument markets apply to them. CySEC has actually localized the procedure for providing investment services related to virtual services, pointing to the need to conduct legal checks for compliance of such investment products with the established requirements in each jurisdiction. **As of now nothing more needs to be done by Bankroll team to be compliant in Cyprus**.
The legal analysis of the token under the EU legislation is below.

Malta.

Confirmation here, so far, just the fact that bitcoin is mostly unregulated. This

are unregulated at the moment. Presently, Bitcoin and other cryptocurrencies are not considered, as regulated instruments under MiFID and any company that handles cryptocurrencies are not required to undergo any form of licensing process with the MFSA (Malta Financial Services Agency). The only exception to this rule is if the coin can be considered as an investment instrument under the Investment Services Act, and if they did, they would trigger the obligations of the act. 1 Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496). However, a detailed analysis has been given above and Malta's legislation does not make exceptions for cryptocurrencies if the token is not an investment tool in its legal essence. According to the statement issued by ESMA1 on November 13, 2017, the firms conducting ICOs shall meet the requirements imposed by the relevant Directives, including MIFID II, UCITS Directive and AIFMD. **As the Bankroll did not conduct the ICO in Malta there is no additional steps to be taken by Bankroll team in Malta to be compliant.**

European union.

Financial Instruments.

Financial instruments are defined by the Article 4(1)(15) of MIFID II as those instruments specified in Section C of Annex I of MIFID II; those are:

i. Transferable securities;

ii. Money-market instruments;

iii. Units in collective investment undertakings;

iv. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;

v. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

vi. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;

vii. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;

viii. Derivative instruments for the transfer of credit risk;

ix. Financial contracts for differences;

x. Options, futures, swaps, forward rate agreements and any other derivative contracts

relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;

xi. Emission allowances consisting of any units recognized for compliance with the requirements of Emission Directive. It is necessary to individually assess each of these instruments and determine whether Bankroll VLT Token can be considered one of these.

For the purpose of this analysis, instruments listed here can be grouped together as the derivative financial instruments.

Transferable securities

Transferable securities are defined in Article 4(1)(44) as those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:

a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;

b) bonds or other forms of securitized debt, including depositary receipts in respect of such securities;

c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

Although no formal test for defining an instrument as a transferable security has been devised by the European regulator, the key characteristics of a transferable security can be derived. Such characteristics would consist of three formal criteria and a substantive one. The formal criteria would be transferability (meaning that the units shall be able be assigned to another person), negotiability (meaning that the units can be transferrable with ease), and standardization (meaning that the units are sufficiently standardized for the purposes of the ease of search and purchase). In case of Bankroll VLT Token (as with practically any other kind of token) all these criteria are fulfilled: tokens can be transferred between addresses and it can be done sufficiently easy, and all Bankroll VLT Token are the same - which is a considerable argument for their standardization. The fourth criterion is a substantive one. MIFID II provides a non-exhaustive list of instruments that are typically considered securities; it is likely that this list shall be used as a reference in determining whether a new product can be considered a transferrable security. Therefore, to be considered a security, Bankroll VLT Token must be at least comparable to the examples provided in MIFID II. The examples provided are the shares and their equivalent, bonds or other forms of securitized debt, and the derivative instruments that give the right to acquire such securities or giving rise to the cash settlement. Bankroll VLT Token are in themselves neither shares nor bonds; their holders are not entitled neither to the fixed income like the bonds do, nor do the Bankroll VLT Token

grant their holders the equity stake in any corporation or any other rights, typically associated with shares or their equivalent, such as the right to receive a share in the revenue of the respective business or the right to vote or otherwise define the course of business of the issuer. Bankroll VLT Tokenholders do not have the right to acquire any such securities, and neither does cash settlement arise from holding Bankroll VLT Token, since no obligation of payment exists in regard to the Bankroll VLT Token holders.
It is unlikely for Bankroll VLT Token to be considered transferable securities under MIFID II.

Money-market instruments

Money-market instruments are defined in Article 4(1)(17) as classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment. Since Bankroll VLT Token bears no similarities to these instruments and is not intended to be dealt on the money market, it is unlikely a money-market instrument.

Units in UCITS

Units in collective investment undertakings are defined by the UCITS Directive, Article 1 of which defines UCITS as an undertaking with the sole object of collective investment in transferable securities or in other liquid financial assets referred to in Article 50(1) of the same Directive of capital raised from the public and which operate on the principle of risk-spreading; and with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption. The Company is not planning to invest the proceeds from the sale of Bankroll VLT Token in transferable securities or other financial instruments mentioned in the Article 50(1) of the UCITS Directive, such as financial derivative instruments, units in UCITS or money-market instruments since the funds raise from the liquidity raise have been locked in Uniswap v2 Liquidity pool. The Bankroll VLT Tokens themselves are not redeemable, and the Company has no intention of repurchasing them; and while it is unlikely that Trading Venue would constitute a stock exchange for the purpose of the Article 1 of the UCITS Directive, the Company does not intend to take action to influence the market price of Bankroll VLT Token sold to the token holders. It is therefore unlikely that the Company may be considered a UCITS under the UCITS Directive, and **Bankroll VLT Token are most likely not the units in UCITS**.

Derivative instruments

A derivative is a type of financial instrument whose value is based on the change in value of an underlying asset or a basket of assets, of which the exact mechanics (option, future, swap, etc.) and the underlying assets (securities, currencies, commodities, credit risk, etc.) vary. Article 4(1) of CIR mandates the EMIR report to specify a derivative on the basis of the contract type and the asset class; according to Article 4(2) of CIR the derivative shall be specified in Field 1 of Table 2 of the Annex as one of the contract types:

a) financial contract for difference;
b) forward rate agreement;

c) forward;
d) future;
e) option;
f) spreadbet;
g) swap;
h) swaption;

These types of derivative contracts are defined in the Article 1(8) - (12) of Annex III to RTS 2: Future means a contract to buy or sell a commodity or financial instrument in a designated future date at a price agreed upon at the initiation of the contract by the buyer and seller. Every futures contract has standard terms that dictate the minimum quantity and quality that can be bought or sold, the smallest amount by which the price may change, delivery procedures, maturity date and other characteristics related to the contract. Option means a contract that gives the owner the right, but not the obligation, to buy (call) or sell (put) a specific financial instrument or commodity at a predetermined price, strike or exercise price, at or up to a certain future date or exercise date Swap means a contract in which two parties agree to exchange cash flows in one financial those of another financial instrument at a certain future date. Forward or forward agreement means a private agreement between two parties to buy or sell a commodity or financial instrument at a designated future date at a price agreed upon at the initiation of the contract by the buyer and seller.

Another type of derivative instrument is a financial contract for difference, which is specified in ACP as a derivative product that gives the holder an economic HBsure, which can be long or short, to the difference between the price of an underlying asset at the start of the contract and the price when the contract is closed. Neither Bankroll VLT Token holder nor the Company or any third party are subject to obligations similar to specified for the typical derivative contracts, and Bankroll VLT Token holders are not entitled to demand any commodity or financial instrument to be sold to them; neither are they entitled to demand an exchange of cash flows in any financial instruments or a cash settlement from any third party. The value of Bankroll VLT Token is not based on or relate to securities, commodities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures, or any other assets, rights, obligations, indices and measures and is only determined based on the current market demand for it, and Bankroll VLT Token is not used to transfer credit risk. Therefore, Bankroll VLT Token are unlikely to be considered derivative financial instrument as specified in Section (C) (4) – (10) of MIFID II.

Emission allowances

According to the Article 3(a) of the Emissions Directive, allowance means an allowance to emit one ton ofcarbon dioxide equivalent during a specified period, which shall be valid only for the purposes of meeting the requirements of this Directive and shall be transferable in accordance with the provisions of this Directive. Since none of the activities carried out by the Company are connected to the emissions of the carbon dioxide, and Bankroll VLT Token holders do not grant the rights to emit carbon dioxide or its equivalents, Bankroll VLT Token is unlikely to be qualified as an emission allowance.

Prospectus Requirements

The PD requires publication of a prospectus before transferable securities are offered to the public or traded on a regulated market. Since Bankroll VLT Token tokens are unlikely to be considered transferable securities, requirements of the PD do not apply to the issuance and listing of Bankroll VLT Token.

Alternative Investment Funds

The AIFMD lays down the rules for the authorization, ongoing operation and transparency of the managers of alternative investment funds (AIFMs) which manage and/or market alternative investment funds (AIFs) in the Union. Therefore, it is necessary to assess whether the Company may be considered an AIFM. The Article 2(1)(c) defines the scope of AIMFD regulations as applicable to non-EU AIFMs which market one or more AIFs in the Union irrespective of whether such AIFs are EU AIFs or non-EU AIFs. According to Article 4(1) of the AIMFD, AIF means a collective investment undertaking, including investment compartments thereof, which raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors, and does not require authorization pursuant to Article 5 of UCITS Directive. AIFM means legal persons whose regular business is managing one or more AIF. Since the Company is not raising capital by selling Bankroll VLT Token with a view to invest it for the benefit of Bankroll VLT Token holders, it cannot be considered neither AIF, nor AIFM. Therefore, the regulations of the AIFMD do not apply to the issuance and listing of Bankroll VLT Token tokens.

Electronic money

Another question that must be answered is whether the special regime for electronic money as covered by the EMD can be applied to Bankroll VLT Tokens. According to the Article 2(2) of the EMD, 'electronic money' means electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions as defined in point 5 of Article 4 of Directive 2007/64/EC, and which is accepted by a natural or legal person other than the electronic money issuer. It seems that Bankroll VLT Token do not fit the definition of electronic money. While EMD states that e-money shall be issued on receipt of funds, the amount of Bankroll VLT Token to be generated is constant and does not rely upon the amount of possible purchasers; while it is entirely possible to acquire Bankroll VLT Token via the transfer of the funds to the Company, Bankroll VLT Token can be obtained in other ways, and can be used by the Company itself. Furthermore, Bankroll VLT Tokens are not represented by a claim on the Company, since they are non-redeemable, and the Company is not obliged to make any payments in respect to the holders of Bankroll VLT Tokens. Furthermore, as provided by the Article 1(4) of the EMD, even if the instrument can be considered electronic money, the EMD provisions do not apply if the instrument is exempt under the Article 3(k) of the PSD I. While the PSD I is repealed with the entrance of PSD II in force, according to the Article 114 of PSD II any reference to PSD I shall be construed as a reference to PSD II read in accordance with the correlation table in Annex II to PSD II. According to the Annex II, Article 3 of the PSD I correlate to the Article (3) of the PSD II. As demonstrated in the next section, if the activities

of the Company could be considered payment services under PSD II, it is likely that they will be exempted under provisions of the Article 3(k) of the PSD II; such exemption would correlate with the exemption under Article 3(k) of PSD I and as such qualify to exempt the Company from the provisions of the EMD.

Payment Services

Another potentially applicable regulations are those imposed by the PSD II in regard to the payment services. Since transfer of Bankroll VLT Token can be used as a consideration under the agreements entered into via the Platform, it is necessary to assess whether such transfer could be considered a payment transaction, and whether the Company is rendering payment services as defined by the PSD II. As stated in Article 4(3) of the PSD II, the payment service means any business activity set out in Annex I of the Directive. Those are:

1. Services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account.
2. Services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account.
3. Execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider:
    a) execution of direct debits, including one-off direct debits;
    b) execution of payment transactions through a payment card or a similar device;
    c) execution of credit transfers, including standing orders.
4. Execution of payment transactions where the funds are covered by a credit line for a payment service user:
    a) execution of direct debits, including one-off direct debits;
    b) execution of payment transactions through a payment card or a similar device;
    c) execution of credit transfers, including standing orders.
5. Issuing of payment instruments and/or acquiring of payment transactions.
6. Money remittance.
7. Payment initiation services.
8. Account information services.

It is therefore necessary to assess whether the activities of the Company can be considered as each of the following. It is possible to group together the services mentioned in the Annex I (1) and Annex I (2) as operations with the payment accounts, as well as to group services mentioned in the Annex I (3) and Annex I (4) as operations regarding payment transactions. 5.6.11. Operations with payment accounts Payment account is defined in Article 4(12) of PSD II as an account held in the name of one or more payment service users which is used for the execution of payment transactions. Payment transaction in accordance to Article 4(5) means an

act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee. Funds are defined in Article 4(25) and mean banknotes and coins, scriptural money or electronic money as defined in Article 2(2) of EMD. As demonstrated in the previous section, Bankroll VLT Tokens do not qualify as electronic money under the regulations of EMD; nor can they be considered banknotes, coins or scriptural money. This means Bankroll VLT Tokens are not funds under the PSD II, and therefore transactions of Bankroll VLT Tokens with them would not constitute a payment transaction under PSD II. Since operations with the private wallets of the clients do not constitute operations with payment accounts, and Annex I (1-2) services are not applicable.

Payment Transactions

Since operations with Bankroll VLT Token do not constitute payment transactions, Annex I (3-4) are not applicable to the services rendered by the Company. 5.6.13. Issuing and/or acquiring of payment instruments According to the definitions in Article 4(13-14), payment instrument means a personalized device(s) and/or set of procedures agreed between the payment service user and the payment service provider, used in order to initiate a payment order, which is an instruction by a payer or payee to its payment service provider requesting the execution of a payment transaction. While operations with Bankroll VLT Tokens do not constitute payment transactions, the Company cannot be considered issuing payment instruments; neither it can be considered acquiring payment transactions.

Money remittance

Money remittance is specified in Article 4(22) as a payment service where funds are received from a payer, without any payment accounts being created in the name of the payer or the payee, for the sole purpose of transferring a corresponding amount to a payee or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee. The Company does not render such services; it is only possible to purchase Bankroll VLT Tokens in one's own name, and the proceeds received are not transferred to another person.

Payment initiation services

According to Article 4(15), payment initiation service means a service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider. The Company does not render such services and does not have access to user's payment accounts at payment service providers.

Account information services

Account information service is specified in Article 4(16) as an online service to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider. The Company does not provide such services.

Exemptions for a limited-use instrument

It is argued that the activities of the Company in regard to the issuance and listing of Bankroll VLT Token do not constitute payment services at all, and Bankroll VLT Token cannot be considered payment instruments as defined by the PSD II. But even if Bankroll VLT Token could be considered a payment instrument under the PSD II, the regulations will still be inapplicable due to the exemption provided by the Article 3(k) of the Directive. According to this exemption, PSD II does not apply to services based on specific payment instruments that can be used only in a limited way, that meet one of the following conditions: (i) instruments allowing the holder to acquire goods or services only in the premises of the issuer or within a limited network of service providers under direct commercial agreement with a professional issuer; (ii) instruments which can be used only to acquire a very limited range of goods or services; It seems that the exemption may be applied to the Bankroll VLT Token, since they are intended to be used under a limited set of agreements, only between the users of the Platform and for a limited purpose. Thus, it can be argued that if Bankroll VLT Token could be considered payment instruments, they would likely be also considered only suitable for acquiring a very limited range of services within a limited network of service providers under direct commercial agreement with the Company.

European Union findings

It has been demonstrated that **Bankroll VLT Token is unlikely to be considered a financial instrument under the European regulations, and so it is exempt from the regulations of MIFID II, PD, AIFMD and UCITS Directive**. Furthermore, it is unlikely that regulations on electronic money or payment services imposed by EMD and PSD II could be applied to the business activities of the Company in regard to the issuance or listing of the Bankroll VLT Tokens.

Additional Notes

Financial Crimes Enforcement Network ("FinCEN")
FinCEN is a bureau in the U.S department of Treasury, with a mission to safeguard the U.S financial system from illicit use, combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

FinCEN regulates money transmitting businesses. The U.S code stipulates that anyone who knowingly conducts, controls, manages, supervises, directs, or owns all or part of an unlicensed money transmitting business, shall be fined or imprisoned not more than 5 years, or both (18 U.S. Code § 1960). Per the regulations, a "money transmitter" is either a person that provides money transmission services, or any other person engaged in the transfer of funds.

FinCEN has treated cryptocurrency (convertible virtual currency) as money for the purpose of the law (FIN-2013-G001) and therefore anyone who "(1) accepts and transmits a convertible virtual currency or (2) buys or sells convertible virtual currency for any reason is a money transmitter under FinCEN's regulations, unless a limitation to or exemption from the definition applies to the person".

In a later guidance, FinCEN stipulates that:

"How a user obtains a virtual currency may be described using any number of other terms, such as "earning," "harvesting," "mining," "creating," "auto- generating," "manufacturing," or "purchasing," depending on the details of the specific virtual currency model involved … What is material to the conclusion that a person is not an MSB [Money Services Business] is not the mechanism by which a person obtains the convertible virtual currency, but what the person uses the convertible virtual currency for, and for whose benefit." (FIN-2014-R001).

In our view, since the liquidity raise was conducted for a limited number of people as the coins were issued and the users have the option to buy the same and capital was raised from general public was used to fund the liquidity pool and all the raised capital was immediately locked in Uniswap v2 Liquidity pool , therefore the BANKROLL VLT cannot and should not be deemed as a money transmitter and therefore is not a money services business.

Moreover, per the above excerpt, the liquidity raise is indeed a "creation" or "manufacturing" of convertible virtual currency, in a very similar way to mining, and so its issuance has been explicitly excluded from the definition of money transmittance.

And lastly, the issuer does not purchase back the issued BANKROLL VLT, as a business nor as a dividend, and therefore only "transmits" but not "accepts" the BANKROLL VLT. Thus, this activity is insufficient for "exchanger" status.

FinCEN Guidance (FIN-2013-G001) also defines an "administrator", who is a person engaged as a business in issuing (putting into circulation) a virtual currency, and who has the authority to redeem (to withdraw from circulation) such virtual currency. Such "administrator" requires a license of a money services business.

To address the "administrator" definition, per the data provided us, you do not possess the authority nor the power to remove or eliminate the BANKROLL VLT from the digital existence, which do not constitute a "redeem", and therefore you are not being an "administrator" per FinCEN's definition.

Thus, being constructed as it is and in the ICO configuration, we see no relevance of obtaining a FinCEN money services business license for the BANKROLL VLT token.

Needless to say, BANKROLL VLT in general, and as a secondary consideration, the "customers" (the BANKROLL VLT purchasers), may or may not utilize the Virtual Currency for investment purposes, or buy the token to use the platform.

This opinion is made for your benefit, written in good faith, and does not consist a guarantee or obligation on behalf of the undersigned.

A Securities Law Framework for Blockchain Tokens

To estimate how likely a particular blockchain token is be a security under US federal securities law

Refer to: full legal analysis

Instructions

Step 1: Copy to a new google sheet (File > Make a copy) or download as .xls
Step 2: Review each characteristic and determine whether or not it applies to the token
Step 3: Select Y or N for each characteristic from the drop down menu
Step 4: Review results at the bottom of this page

Element 1: Investment of Money

Is there an investment of money?

Characteristic	Points	Explanation	Examples	Y or N
There is no crowdsale. New tokens are given away for free, or are earned through mining	**0**	Tokens which are not sold for value do not involve an investment of money. For example, if all tokens are distributed for free, or are only produced through mining, then there is no sale for value.	There was never any token sale for Bitcoin. The only way to acquire new bitcoin is via mining. A token which is randomly distributed for free	
Tokens are sold for value (crowdsale)	**100**	Tokens which are sold in a crowdsale, at any time, regardless of whether sold for fiat or digital currency (or anything else of value) involve an investment of money	The Bankroll VLT tokens were sold for Ethereum.	**Y**

Total for Element 1 **100**

Element 2: Common Enterprise

What is the timing of the sale?

Characteristic	Points	Explanation	Examples	Y or N

Pre-deployment	**70**	A sale of tokens before any code has been deployed on a blockchain is more likely to result in a common enterprise where the profits arise from the efforts of others. This is because the buyers are completely dependent on the actions of the developers, and the buyers cannot actually participate in the network until a later time.	A developer has an idea for a new protocol, writes a white paper and does a crowdsale.	
The protocol is operational on a test network	**60**	If there is a functioning network there is less likely there is to be a common enterprise where the profits arisef rom the efforts of others. The closer the sale is to launch of the network, the less likley there is to be a common enterprise.	A developer has an idea for a new protocol, writes a white paper and deploys a working test network before doing a crowdsale.	
Live network is operational	**50**	If the token is sold once there is an operational network using the token, or sold immediately before the network goes live, it is again less likely to result in a common enterprise	The crowdsale is done at the same time the network is launched.	**Y**

What do token holders have to do in order to get economic benefits from the network?				
Characteristic	**Points**	**Explanation**	**Examples**	**Y or N**
All token holders will always receive the same returns	**25**	If returns are paid to all token holders equally (or in proportion to their token holdings) regardless of any action on the part of the token holder, then their interests are more likely aligned in a common enterprise	'HodlToken' holders are automatically paid an amount of ETH each week, based on fees generated by other users of the network 'FoldToken' does not pay any return, and there is no way to earn more tokens within the network (but they can be bought, sold or traded)	

There is a possibility of varying returns between token holders, based on their participation or use of the network	**-20**	If token holders' returns depend on their own efforts, and can vary depending on the amount of effort they each put in, then there is less likely to be a common enterprise	Different types of services will be offered at the platform and users can derive different kind of advantages.	**Y**

Total for Element 2 **30**

Element 3: Expectation of Profit

What function does the token have?

Characteristic	Points	Explanation	Examples	Y or N
Ownership or equity interest in a legal entity, including a general partnership	**100**	Tokens which give, or purport to give, traditional equity, debt or other investor rights are almost certainly securities. ***If one or more of these characteristics apply, the token is almost certainly a security, notwithstanding the results of the other elements***	A developer releases and sells 100 'BakerShares' tokens. Each token entitles the holder to 1 share in Baker, Inc. A developer releases and sells 100 'BakerProfit' tokens. Each token entitles the holder to 1% of the profits of Baker, Inc. for the next year. A developer releases and sells 100 'BakerDebt' tokens. Each token entitles the holder to principal and interest repayments based on the initial token sale price.	
Entitlement to a share of profits and/or losses, or assets and/or liabilities	**100**			
Gives holder status as a creditor or lender	**100**			
A claim in bankruptcy as equity interest holder or creditor	**100**			
A right to repayment of purchase price and/or payment of interest	**100**			

No function other than mere existence	**100**	A token which does not have any real function, or is used in a network with no real function, is very likely to be bought with an expectation of profit from the efforts of others, because no real use or participation by token holders is possible. Voting rights alone do not constitute real functionality.	A developer releases and sells 100,000 'SocialCoin' tokens to fund the development of a new Social Network. However, SocialCoin is not required to access the network and has no real function after the sale.	
Specific functionality that is only available to token holders	**0**	A token which has a specific function that is only available to token holders is more likely to be purchased in order to access that function and less likely to be purchased with an expectation of profit.	Specific kind of benefits offered. The platform gives various kinds of offerings to users.	**Y**

Does the holder rely on manual, off-blockchain action to realize the benefit of the token?				
Characteristic	**Points**	**Explanation**	**Examples**	**Y or N**
Manual action is required outside of the network (e.g. off-blockchain) in order for the holder to get the benefit of the token	**80**	A token whose value depends on someone taking specific manual action outside of the network means that the token is not functional in and of itself. Instead, the token relies on a level of trust in a third party taking action off-blockchain. This sort of token is more likely to be bought for speculation - i.e. the expectation of profits.	A developer releases and sells 'FreightCoin', which will allow the holder to pay FreightCoin to access capacity on a new real-world freight network. The network relies on legal contractual relationships and manual actions. (This alone does not make FreightCoin a security)	
All functionality is inherent in the token and occurs programmatically	**0**	A token which is built with all the necessary technical permissions means that the token holder does not rely on manual actions of any third party. This means that the buyers are more likely to purchase the token for use rather than with the expectation of profit from the efforts of others.	Bankroll's VLT token is ERC20 token and have all the functionalities required and no effort is needed from team after token generation event.	**Y**

What is the timing of the sale?				
Characteristic	**Points**	**Explanation**	**Examples**	**Y or N**
Pre-deployment	**20**	A sale of tokens before any code has been deployed on a blockchain is more likely to result in buyers purchasing for speculative reasons with the expectation of profit, rather than practical use cases.	A developer has an idea for a new protocol, writes a white paper and does a crowdsale.	
The protocol is operational on a test network	**10**	If the sale occurs after code has been deployed and tested, the token is closer to being able to be used	A developer has an idea for a new protocol, writes a white paper and develops a working test network before doing a crowdsale.	**Y**
Live network is operational	**0**	If the token is sold once there is an operational network using the token, or immediately before the network goes live, it is more likely to be purchased with the intention of use rather than profit.	The live network is launched before the crowdsale.	

Can the token holders exercise real and significant control via voting?				
Characteristic	**Points**	**Explanation**	**Examples**	**Y or N**
Token holders as a whole are able to control the development team's access to funds	**-20**	If the collective approval of token holders is required in order for the development team to access the funds raised in the crowdsale, then any value realized by the token holders is more closely tied to their own decisions, and less reliant on the efforts of others.	A development team sells 100,000 Tokens for a total of 100,000 ETH. 50,000 ETH will be released from the token contract to the development team immediately, but the remainder is only released once milestones are met, which requires approval of a majority of the token holders each time. If the milestones are never met, the remaining ETH will be returned to the token holders.	

Token holders as a whole are able to vote on significant decisions for the protocol	**-10**	If the collective approval of token holders is required in order to make significant changes to the protocol, then any value realized by the token holders is more closely tied to their own decisions, and less reliant on the efforts of others.	Changes to the protocol require a vote by token holders.	**Y**

Note: Voting rights must be in addition to functionality. A token with voting rights alone and no other real functionality is very likely to satisfy element 3

How is the token sale marketed?				
Characteristic	**Points**	**Explanation**	**Examples**	**Y or N**
Marketed as an 'Initial Coin Offering' or similar	**50**	It is not possible to prevent some buyers from buying a token purely for speculation. However, marketing the token as an investment leads buyers to believe they can profit from holding or trading the token, rather than from using the token in the network. Using terms like 'Initial Coin Offering' or 'ICO', and investment-related language like 'returns' and 'profits' encourages buyers to buy a token for speculation, rather than use.	'ProfitCoin' includes potential of 'high ROI' and 'investor profits' in its marketing material.	
Marketed as a Token Sale	**0**	Marketed as a sale of tokens which give the right to access and use the network	Not marketed as investment.	**Y**
There is no economic return possible from using the network	**-100**	If there is genuinely no economic return possible for the token holders, then there is unlikely to be a common enterprise. This will be rare.	Backers contribute to a cause and receive a 'thank you' token which has no economic value.	

Results	
Guide	**Your results**

Legal Opinion for Bankroll VLT Token | 2020

Total Points	How likely is the element to be satisfied?
0 or less	Very unlikely
1 - 33	Unlikely
34 - 66	Equally likely and unlikely
67 - 99	Likely
100 or more	Very likely

Total for Element 1	**100**
Total for Element 2	**30**
Total for Element 3	**0**
Overall Risk Score	**0**

A token will only be a security if it satisfies all three elements. The higher the point score for each element, the more likely the element is to be satisfied. The overall risk score is moderate and chances are less that Bankroll VTL token will be tagged as security.

For many blockchain tokens, the first two elements of the Howey test are likely to be met. The third element has the most variables and the most different outcomes depending on the characteristics of the particular token.

Important notes

The Overall Risk Score and the categories of likelihood are a guide only.

The Howey test has not yet been directly applied by the courts to any digital currency or blockchain token. The Howey test as applied by the courts does not involve any points-based calculation. The points system is intended as a guide - to highlight the characteristics of a token which are relevant to the securities law analysis.

This Framework should be read together with the full legal analysis.

You should not rely on this Framework as legal advice. It is designed for general informational purposes only, as a guide to certain of the conceptual considerations associated with the narrow issues it addresses. You should seek advice from your own counsel, who is familiar with the particular facts and circumstances of what you intend and can give you tailored advice. This Framework is provided "as is" with no representations, warranties or obligations to update, although we reserve the right to modify or change this Framework from time to time. No attorney-client relationship or privilege is created, nor is this intended to be attorney advertising in any jurisdiction.