



**GBBC Digital Finance**

**Code of Conduct**

**Part II: Principles for Token  
Sales and Token  
Sale Service Providers**

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**From the Perspective of  
General Global Regulatory Standards**

These Additional Principles must be read in conjunction with the Overarching Principles.

## 1. Compliance with Existing Laws

- a. We acknowledge that financial laws, including but not limited to securities, banking and money transmission laws (together, “financial laws”), **may or may not apply to token sales** based on a variety of factors, including but not limited to the location or place of incorporation of the token issuer, the features and intended uses and applications of the token, the token sales process and the jurisdictions where the sale is advertised and marketed.
- b. We also understand that **even if the token falls outside the remit of financial laws**, that we remain subject to all other existing laws, including as noted in the Overarching Principles contracts, consumer protection and criminal laws.
- c. For that reason, we commit to seeking legal advice to confirm either that:
  1. The token sale **falls within the remit of financial laws**, in which case we will issue the token in accordance with such laws, or
  2. The token does not **fall within the remit of financial laws**, in which case we will seek to abide by other laws applicable to our activities and the Additional Principles set forth below.

## 2. Content of Whitepapers

- a. If we are involved in the drafting of whitepapers either as issuers or advisors, we will take reasonable steps to ensure that they contain adequate content and disclosures, including the below, and will put in place processes to respond to queries and manage feedback in a transparent manner.
- b. If we are involved in the public listing of whitepapers or the rating of tokens, we will take into account the content of the initial whitepaper by reference to the factors below, as well as the quality of ongoing disclosures by and third-party reviews of the token issuer.

### I. Team, Legal Structure and Applicable Laws

- ✓ The name, profile, experience (including experience in building cryptocurrency projects, open-source software, large-scale platforms and blockchains) and contact details of the officers and directors of the legal entity(ies), the ultimate beneficial owners of the legal entity(ies), the founder(s), team leader(s) and main project contact(s), the core management team and core technological team, and the advisors (together referred to as the “Core Team”).
- ✓ The name and address of the main legal entity that is in charge of the project and that is issuing the tokens, including place of registration, time of registration, registration number and the law under which it operates.
- ✓ The name and address of associated and related legal entities involved in the project, including place of registration, time of registration, registration number and the law under which they operate.
- ✓ Confirmation that the main legal entity has sought legal advice and analysis that the token does not fall in the remit of financial laws, including, if appropriate, the name of the law firm(s) providing such advice and the jurisdiction(s) to which such advice pertains.
- ✓ Confirmation that the legal entity(ies) and the Core Team are not subject to legal or regulatory action, or if they are, disclosure thereof.
- ✓ Description of the anti-money laundering (AML) and counter terrorist financing (CTF) procedures adopted as part of the token sale and the company’s business.
- ✓ Confirmation that third-party technological audit(s) have been undertaken to verify that the technology and code works as intended and that it is secure.

## II. Project, Technology and Use

- ✓ The project name, official website, number of employees involved, the budget and financial metrics applicable to the project and the ways in which the proceeds from the token sale will be used.
- ✓ A precise explanation of the pain point(s) or problem(s) the project seeks to address, the market context and competitive positioning, and the rationale for the underlying technology.
- ✓ A proper balance of opportunities and risks, including things that must happen for the project to be successful, and how the management team plans to address and mitigate these risks and dependencies.
- ✓ The specific steps the management team proposes to take, and a clear timeline of the expected milestones, including the technology development milestones.
- ✓ An accurate portrayal of the stage of development, including whether the project is purely conceptual or whether there is a prototype, beta version or released version.
- ✓ The technological characteristics of the project, including whether the code is open sourced, and if so, the project github address or any other ways to view the open sourced code.
- ✓ The rationale for using blockchain, the consensus mechanism, the stage of development (test-net or main-net), the current numbers of users and nodes that are running or are reasonably expected to run in the future, whether nodes can be run by anyone in a decentralised fashion or on a permissioned basis and the applicable block explorer.

## III. Token Nature, Distribution and Rights

- ✓ The name of the token, its function and purpose, and its technical specifications, including whether the token is an ERC20 token.
- ✓ The usage, platform service and other rights that token purchasers have and don't have, including restrictions on transferability.
- ✓ A description of rights token purchasers have and don't have in case the token issuer winds down its operations.
- ✓ The anticipated length of the token distribution period, funding caps that are proportionate to the expected project and technology development costs and timelines and any refund mechanisms.
- ✓ The rules that govern total token supply or inventory of tokens, including, and how in the future new tokens can be created or how issued tokens can be destroyed.
- ✓ The factors that may impact the number of tokens in circulation such as lock-up periods and transfer restrictions, including the timeline or mechanisms under which such lock-ups and transfer restrictions will end.
- ✓ The governance for token inventory that is retained by the project or related entities.
- ✓ If the tokens are issued through smart contract, a detailed description thereof and the latest smart contract address.
- ✓ Where applicable, details of the token vault or the token lock smart contract address.
- ✓ Commitment that the proceeds from the token sales will only be used for the purposes set forth in the whitepaper, and in accordance with the budget provided.
- ✓ Confirmation that the tokens and smart contracts have been subjected to a third-party security audit proportionate to the nature, scale and complexity of the project.

#### **IV. Compensation and Conflicts Disclosure**

- ✓ For each member of the Core Team, their entitlement to compensation in tokens pre-and post-token sale, the vesting schedules and lock-ups applicable to their tokens, their entitlements to discounts for future token purchases, and any legal obligations that apply to the token issuer as a result of the foregoing.
- ✓ For any paid token sale service providers (including auditors, law firms, rating and comparison sites, trading platforms, brokers, etc), their name, the scope of their service, material cross-holdings or material conflicts of interest and the compensation method, if any, including fiat, equity, percentage of funds raised or tokens allocated.
- ✓ If there were private pre-sale(s) of the tokens, the total number of tokens sold in the private sale(s) and the discounts provided.
- ✓ If there are equity investors, size of the equity investments and the valuation at which the investments were made.

#### **V. Cautionary Language**

- ✓ Cautionary language to token purchasers regarding the financial risks associated with purchasing tokens.
- ✓ Cautionary language that token purchasers should not purchase tokens with assets that they cannot afford to lose.
- ✓ If the project is conceptual, cautionary language that the project may never be executed, in which case the tokens have no use or value.

#### **VI. Commitments**

- ✓ Commitment to periodic disclosures and third-party financial audits, including with respect to budget, financial position, use of funds, spending in line with the disclosures in the white paper, and the achievement of project milestones.
- ✓ Commitment to periodic disclosures and third-party technological audits, including with respect to smart contracts, security, and the achievement of technological project milestones.
- ✓ Commitment to inform token purchasers promptly of major changes in the management team, major changes in the project, and security risks and vulnerabilities in the technology.

### **3. Token Sale Service Providers involved in the drafting of Whitepapers and in the Token Distribution process**

- a. We will publicly disclose the name, address and company registration number of our legal entity(ies), as well as licenses we hold, if any.
- b. We will publicly disclose the scope of our business, including cross-holdings between ourselves and any other token service providers, trading platforms, intermediaries or funds.
- c. We will recommend that whitepapers contain adequate content and disclosures, including what is set out under 2 above and any disclosures or information required by the laws, rules and regulations of relevant jurisdictions.
- d. We will recommend that the whitepapers we are involved in drafting disclose material cross-holdings or material conflicts of interest between ourselves and the token issuers.
- e. We will recommend that know-your-customer (KYC) and customer due diligence (CDD) is performed in respect to token purchasers at the time of the token sale to achieve compliance with AML and CTF laws.
- f. We will recommend that any details as to the token sale process will be publicised through secure mediums, protecting token purchasers and reducing the risk of fraud.
- g. Unless precluded under non-disclosure agreements, we will disclose previous token sales we have been involved in, including failure or success of the project.