

## Terms & Conditions related to: Other

TokenGX Inc. (the Firm) intends to provide advisory, technology implementation and brokerage services for clients in connection with crypto-asset offerings by way of initial token offerings (ITOs). Each ITO will be organized according to a set of rules that will be digitally posted as a token via a smart contract (a Smart Contract) to a distributed ledger and the Firm will assist an issuer in the development of the Smart Contract.

The Firm intends to operate an on-line platform (the Platform) that will facilitate the execution and delivery of an ITO for issuers, and to enable investors to invest in the primary distribution of crypto asset (token) units made in reliance on available prospectus exemptions. Investors purchasing tokens through the Platform will do so through digital wallets not controlled by the Firm or affiliates of the Firm.

In addition, the Firm intends to use technology to facilitate the determination of whether a purchase of a security is suitable for a client before accepting an instruction from that client to buy that security (the System) on the Platform.

As the Firm operates a novel business focused on the initial distribution of crypto asset (token) units through an on-line platform, its registration as a dealer in the category of exempt market dealer has been considered in the context of the CSA Regulatory Sandbox initiative.

The Firm's registration is subject to the following terms and conditions:

1. The Firm is restricted to facilitating primary distributions of ITOs, such facilitation to occur through the Platform, and unless otherwise approved by staff of the Ontario Securities Commission (the Principal Regulator), will not facilitate the primary distributions of securities of investment funds.
2. The Firm will treat all tokens offered through the Platform as securities.
3. The Firm will not act as custodian for any tokens that are assets of the Firm's clients.
4. Except for an investor who is an "accredited investor" (as defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions (NI 45-106)), the Firm will ensure that the acquisition cost of all ITOs acquired by an investor in the preceding 12 months does not exceed the following amounts:
  - a. In the case of an investor that is not an eligible investor (as defined in section 1.1 of NI 45-106), \$10,000,
  - b. In the case of an investor that is an eligible investor, \$30,000, and
  - c. In the case of an investor that is an eligible investor and that received advice from the Firm that the investment is suitable, \$100,000.
5. The Firm will provide the Principal Regulator with at least 10 days' prior written notice of any of the following changes:
  - a. material changes to the Firm's practices in reviewing Smart Contracts that the Firm is considering offering through the Platform; and

b. material changes to the System.

6. Within 30 days of the end of each June and December, the Firm must provide to the Principal Regulator:

- a. a report showing the details of any ITO not successfully funded through the Platform during the calendar quarter, including the jurisdiction of the head office of the issuer distributing tokens under the ITO and the business sector such issuer is involved in;
- b. the details of any fraudulent activity or cybersecurity incidents on the Platform or in relation to a Smart Contract during the calendar quarter, the resulting harms and effects on investors and issuers, and the corrective measures taken by the Firm and/or issuer to remediate such activity or incident; and
- c. the details of any investor complaints received by the Firm during the calendar quarter and how such complaints were addressed.

7. The Firm shall provide, on a timely basis, any report, document or information to the Principal Regulator that may be requested by the Principal Regulator from time to time for the purpose of monitoring compliance with securities law and these terms and conditions, in a format acceptable to the Principal Regulator.

8. The registration of the Firm shall be time-limited until April 16, 2021, unless further extended by the Principal Regulator.