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STICHTING GET PROTOCOL

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Subject: GET Token Security Analysis

1 Introduction

1.1 We have been asked to provide an analysis about whether the GET cryptographic blockchain token (the "**GET Token**") brought into circulation by Stichting GET Protocol Foundation (the "**Foundation**") qualifies as a 'security' as defined in the European Union ("**EU**") Prospectus Directive (Directive 2003/71/EC, the "**Prospectus Directive**") and Mifid II Directive (Directive 2014/65/EU, the "**Mifid II Directive**") as implemented in the Dutch Financial Services Law (*Wet op het financieel toezicht*, "**Wft**").

1.2 As we will describe in further detail below, we believe that the GET Token currently does not qualify as a 'security' as defined in the Prospectus Directive, Mifid II Directive and Wft. But please carefully read the full analysis below.

2 Scope of the analysis

2.1 First it is important that we describe the scope of our analysis.

2.2 Our analysis is based on the GET Protocol White Paper and the GET Token Public Exchange Agreement provided to us by the Foundation (the "**Information**").

2.3 Given that the blockchain-based platform on which the GET Token is used (the "**GET Protocol**"), is and remains under development, our analysis to an extent remains of a preliminary nature, i.e. based on the Information.

2.4 Our analysis is limited the definition of 'security' (*effect*) as found in the Prospectus Directive and the Mifid II Directive as implemented in the Wft. Financial instruments such as securities may *inter alia* only be offered to the public accompanied by a pre-approved prospectus or under a prospectus exemption, and that they may only be exchanged on platforms that are licensed to facilitate the exchange of securities.

2.5 The definition of a 'security' is harmonized under EU law. Accordingly, by performing an analysis as to whether the GET Tokens meet the conditions of the definitions found in EU law, we are able to draw conclusions that should hold true with respect to EU member states in general, with the caveat that notwithstanding harmonization at the EU level, EU law is transposed and/or enforced by the EU member states and their designated authorities. EU Member States and their designated authorities have a certain degree of discretion in interpreting/applying EU law. Moreover, harmonization restricts but does not always preclude EU member states from enacting additional legislation, as long as such legislation does not contravene EU law.

2.6 Our analysis is based on the legislation currently in force. It does not anticipate on any future regulatory developments.

3 Our understanding of the GET Token and the GET Protocol

3.1 Based on the Information, it is our understanding, and you confirmed that:

- 3.1.1 The GET Token is a so-called ERC20 Token; the ownership of individual GET Tokens is registered on the Ethereum Blockchain.
- 3.1.2 GET Tokens were offered by the Foundation to the interested parties that were 'white listed' by the Foundation in exchange for the crypto currency Ether in the period 15-11-2017 - 13-12-2017 for an average equivalent value (at that point in time) of less than EUR 0.47 per GET Token (the "ICO").
- 3.1.3 GET Tokens could not be exchanged for legal tender or scriptural money during the ICO. So arguably GET Tokens were not sold but were exchanged (exchange of property rights, *vermogensrechten*).
- 3.1.4 The Foundation uses the proceeds to develop the GET Protocol: a blockchain-based payment and administration system for the event industry that uses the Ethereum blockchain, in which GET Tokens (will) function as a means of payment for stakeholders. The concrete use case is enabling ticketing companies, event organizers and consumers to sell and buy tickets for events via the blockchain.
- 3.1.5 The ticketing company GUTS International B.V. is the launching customer of the Foundation. It will sell tickets for events via the blockchain (GET Protocol). In time, other ticketing companies and event organizers (hereinafter collectively "Users") will be encouraged to use the GET Protocol.
- 3.1.6 In order to use the GET Protocol – to be able to create events and sell tickets – Users need GET. The Foundation will obtain the required GET for Users. It will offer to the public Ether in exchange for a minimum equivalent value of EUR 0.50 per GET Token. It is the intention of the Foundation to list the GET Token on various exchanges so the exchange rate offered by the Foundation can be based on the Ether/GET exchange rates on such exchanges (but always with a minimum of EUR 0.50).
- 3.1.7 Accordingly, owners of GET Tokens will have the opportunity to exchange GET into Ether with the Foundation at a higher euro equivalent price than the price for which they were initially exchanged during the ICO. The frequency and volume of offers made by the Foundation to exchange GET for Ether, depends on the success of the GET Protocol. The Foundation, however, has no legal obligation to exchange back the Ether for GET Tokens. It will do so only if Users need GET Tokens.
- 3.1.8 Consumers buying and selling tickets via the GET Protocol also need GET Tokens. Currently this is subsidized by Users.
- 3.1.9 The Foundation intends to broaden the use case for GET Tokens in the event industry, for example, it intends that GET Tokens can be used by consumers to purchase other items such as drinks during events.
- 3.1.10 GET Tokens do not confer any rights of control or means to influence the GET Protocol or the Foundation.

4 Is the GET Token a 'security' within the meaning of the Wft, the Prospectus Directive and the Mifid II Directive?

- 4.1 Article 2(1b) of the Prospectus Directive defines 'securities' by referring to the definition of 'transferable securities' in Directive 93/22/EEC:
 - (a) *shares in companies and other securities equivalent to shares in companies, which are negotiable on the capital market;*
 - (b) *bonds and other forms of securitized debt, which are negotiable on the capital market; and*
 - (c) *any other securities normally dealt in giving the right to acquire any such transferable securities by subscription or exchange or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures excluding instruments of payment;*
- 4.2 Article 4(1, 44) of the Mifid II Directive defines 'transferable securities' 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
- (b) depositary receipts in respect of shares;
- (c) bonds or other forms of securitized debt, including depositary receipts in respect of such securities;
- (d) 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;

4.3 A 'security' (*effect*) is defined almost identically in article 1:1 Wft (which is logical, given that the Prospectus Directive and Mifid II Directive have been implemented in the Wft).¹

4.4 Regulation 2017/1129, which will replace the Prospectus Directive gradually and eventually, defines 'securities' by referring to the definition of 'transferable securities' in article 4(1, 44) of the Mifid II Directive.

4.5 **Shares in companies, partnerships or other entities and other securities equivalent to shares, and depositary receipts in respect of shares**

Shares, share equivalents or depositary receipts in respect of shares are not defined in the Wft, Prospectus Directive or Mifid II Directive. A general definition of a share would be an instrument that gives a number of rights in relation to a company, partnership or form of organization. These rights refer primarily to a right to profits and ownership (a share in profits and partial ownership) and often but not necessarily control rights (including the appointment of management, dissolution, etc.).

Securities equivalent to shares are neither defined but a general definition would be instruments via which capital is contributed or made available for a company, partnership or other form of organization, in return for a right to profits or (partial) ownership, often, but not necessarily, without any control rights.

Depositary receipts securities which are negotiable on the capital market and which represent ownership of securities (in this case shares or share equivalents) of an issuer of those securities that can be admitted to trading on a regulated market and traded independently of the securities of the issuer.

A payment instrument, which is explicitly excluded from the definition, is either legal tender, scriptural money or electronic money (explained in the previous section).

4.5.1 **On the basis of the Information, we find that:**

- (a) An owner of a GET Token does not have a right to profits made by the Foundation or any entity affiliated to the Foundation.
- (b) Although the Foundation will offer the public to exchange Ether (back) for GET Tokens on the basis of User demand, and has promised to do so against a EUR equivalent price that is higher than the equivalent price for which GET Tokens were exchanged during the ICO (at minimum EUR 0.50), the Foundation does not have any legal obligation to offer to owner of GET Tokens, Ether in exchange for GET

¹ *Effect: a. een verhandelbaar aandeel of een ander daarmee gelijk te stellen verhandelbaar waardebewijs of recht niet zijnde een appartementsrecht; b. een verhandelbare obligatie of een ander verhandelbaar schuldinstrument; c. elk ander door een rechtspersoon, vennootschap of instelling uitgegeven verhandelbaar waardebewijs waarmee een in onderdeel a of b bedoeld effect door uitoefening van de daaraan verbonden rechten of door conversie kan worden verworven of dat in geld wordt afgewikkeld;*

Tokens. In our view, this means that an owner of GET does not have any rights to profits.

- (c) GET Tokens do not grant any (legal) ownership rights in relation to the Foundation and/or the GET Protocol.
- (d) GET Tokens can be used to create events, buy and sell tickets on the GET Protocol. It is therefore rather a native currency that can be used to pay for services on the GET Protocol (but it is not a payment instrument).

4.5.2 Conclusion:

Applying this framework to the Information, in our opinion GET Tokens do not qualify as shares, share equivalents or depositary receipts.

4.6 **Bonds or other forms of securitized debt, including depositary receipts in respect of such securities**

Bonds nor securitized debt are defined in the Wft, Prospectus Directive or Mifid II Directive. The definition of depositary receipts was given in the preceding section. Common element is that it should concern a debt (loan, in legal tender or scriptural money) owed by one party to the other.

4.6.1 On the basis of the Information, we find that:

As we concluded in 4.5.1(a), the Foundation in our view is not indebted to owners of GET Tokens. Furthermore, GET Tokens do not have a maturity date or interest rate.

4.6.2 Conclusion:

Applying this framework to the Information, in our opinion GET Tokens do not qualify as bonds, securitized debt or a depositary receipts for such instruments.

4.7 **Any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement**

Such securities are options on, or rights to convert into the classes of securities described in paragraph 4.5 or 4.6, or derivatives such as forwards, futures, options, swaps that are settled in cash (legal tender or scriptural money), determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

4.7.1 On the basis of the Information, we find that:

- (a) The GET Token itself does not give any right to acquire or sell a security as described in paragraph 4.5 or 4.6.
- (b) GET Tokens do not give rise to a cash settlement.

4.7.2 Conclusion:

Applying this framework to the Information, in our opinion GET Tokens do not qualify as securities that give the right to acquire or sell the classes of securities described in paragraph 4.5 or 4.6 or securities that give rise to a cash settlement.

4.8 **Overall conclusion**

Our overall conclusion is that we believe that GET Tokens currently do not qualify as 'securities' (*effecten*) as defined in the Prospectus Directive, Mifid II Directive or Wft.
