



RESEARCH CENTER
OF LEGAL SOLUTIONS IN THE AREA OF APPLICATION
OF DISTRIBUTED LEDGER TECHNOLOGIES

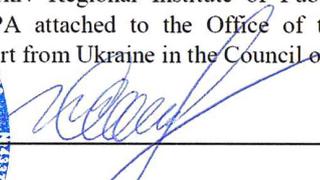
SCIENTIFIC AND LEGAL OPINION

“Determining Whether the Bitbon Blockchain Token Corresponds to a Digital Asset”

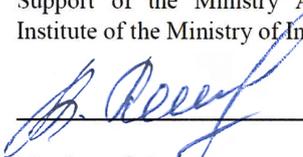
No. 0001 dated December 06, 2019

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Kyiv, 2019

Contents

1. Task Description.....	3
2. Approach Used to Create This Scientific and Legal Opinion.....	3
3. Research Materials	5
4. Testing of Characteristics of the Bitbon Blockchain Token	6
5. Analysis of Research Results	20
6. Interpretation of Research Results.....	23
7. Notes	25
8. Terms and Definitions	26
References.....	29

1. Task Description

1.1. The customer represented by SIMCORD LLC, EDRPOU 37657823 (hereinafter referred to as the “Customer”) turned to the contractor represented by the non-governmental organization “Research Center of Legal Solutions in the Area of Application of Distributed Ledger Technologies”, EDRPOU 43370506 (hereinafter referred to as the “Contractor”) with the request No. 00189 dated November 27, 2019, to determine whether the Bitbon blockchain token corresponds to a digital asset.

1.2. The following question needs to be answered within the context of this Scientific and Legal Opinion in accordance with the request of the Customer:

“Does the Bitbon blockchain token correspond to a digital asset?”

2. Approach Used to Create This Scientific and Legal Opinion

2.1. The research within the context of this Scientific and Legal Opinion is based on the approach presented in the methodological manual “Methodology for Determining Whether a Blockchain Token Corresponds to a Digital Asset” (hereinafter referred to as the “Methodological Manual”), which includes the analysis of a blockchain token’s (hereinafter referred to as the “BT”) correspondence to the criteria of a digital asset.

2.2. Determining whether the Bitbon blockchain token corresponds to a digital asset is based on the approach that allows identifying the level of correspondence of a blockchain token to a digital asset and, in addition to that, characterizing a blockchain token as:

- unique/non-unique;
- identifiable/non-identifiable;
- regulated/non-regulated;
- sessional/non-sessional;
- derivative/non-derivative;
- verifiable/non-verifiable;
- transparent/non-transparent;

- decentralized/centralized;
- accountable/non-accountable.

2.3. The methodology for determining a blockchain token's correspondence to a digital asset is based on the principle of equivalence of categories. Identifying the correspondence of a blockchain token to a digital asset is determined by the need to observe the mandatory compliance of its characteristics with fundamental and exhaustive categories for a digital asset in the economic and legal aspects. It should be noted that, according to the principle of equivalence of categories, they are all equal in importance for an objective determination of the level of correspondence of a blockchain token to a digital asset. This means that if a blockchain token does not correspond to at least one of the categories, then such a blockchain token cannot be considered as a digital asset.

Table 1

Category	Criterion	
1	No. 1	Uniqueness
	No. 2	Identifiability
	No. 3	Regulability
	No. 4	Sessionality
2	No. 5	Derivativeness
	No. 6	Verifiability
3	No. 7	Transparency
	No. 8	Decentralization
4	No. 9	Accountability

The degree of correspondence of the characteristics of a blockchain token to each category is a necessary condition for determining the degree of correspondence of a blockchain token to a digital asset.

3. Research Materials

This Scientific and Legal Opinion is based on the information available on the official website of the Customer (<https://www.simcord.com/>), on the official information resource of the Bitbon System (<https://www.bitbon.space/>), as well as on the functioning software complexes, task registers, internal technical and legal documentation of the Customer.

4. Testing of Characteristics of the Bitbon Blockchain Token

The characteristics of the Bitbon blockchain token were examined, and the following questions were answered based on the approach to determining a blockchain token's correspondence to a digital asset described in the Methodological Manual: A — Yes; B — Don't know; C — No.

Question No. 1: Is there a document that registers the issue date of the BT?

Answer: Yes (option A).

Substantiation: Bitbon Protocol is the comprehensive document that registers the issue date of the Bitbon blockchain token.

Thus, provision 11 of the Bitbon Protocol states that the issue date of the Bitbon blockchain token is March 13, 2018. The date recorded in the document is based on the information about the first transaction available on the official information resource of the Bitbon System (<https://www.bitbon.space/>):

Transaction hash:

0x98fbe4b80322f60ae867fceabc351545307aff0c26dd873ac4b0d5e2844a0567

Block number: 351

Date: March 13, 2018 8:23:57 +UTC

Sender's accounting address (Assetbox):

0x9e7c5a1f4cf2e80422f21d4c20a13e356e0cfff9

Recipient's accounting address (Assetbox):

0xa0aafbe11383d631fb1007d689f7fbf83f87ee3e

Number of Bitbons: 100,000,000.00

Question No. 2: Is the creator of the BT specified directly in the document?

Answer: Yes (option A).

Substantiation: SIMCORD LLC, EDRPOU 37657823 is the creator of the Bitbon blockchain token. Information about the creator of the

Bitbon blockchain token is directly stated in two documents: in Bitbon Protocol (provision 8) and in the Bitbon System Public Contract (Clause 3).

Question No. 3: Is there a document that establishes the terms of using the BT?

Answer: Yes (option A).

Substantiation: Bitbon Protocol and Bitbon System Public Contract are the documents that establish the terms of using the Bitbon blockchain token.

Question No. 4: Is there a document that sets the BT's circulation period?

Answer: Yes (option A).

Substantiation: Provision 23 of the Bitbon Protocol establishes that the Bitbon Protocol itself, being the document that regulates all aspects of the Bitbon blockchain token's existence, has no validity term. This leads to the conclusion about the indefinite existence nature of the Bitbon blockchain token itself.

Question No. 5: Does the BT provide its owner with access to a set of rights and obligations of the value's owner?

Answer: Yes (option A).

Substantiation: The Bitbon blockchain token is an access (right of access) to the "Bitbon Protocol" information resource derivative of the asset of SIMCORD LLC, which provides the owner of the Bitbon blockchain token with the ability of mutual use of this asset and the Bitbon System with other Bitbon System participants. The number of the Bitbon blockchain tokens in possession of a Bitbon System participant determines his/her share in the total amount of access (rights of access) to the Bitbon System.

Thus, according to the Appendix to the Bitbon System Public Contract “Terms and Definitions in the Bitbon System”: “Value means worth, utility, or importance, which can also be expressed by different measurement units depending on the area of practical use of such a value and the ecosystem in which such a value exists”. Whereas the term “asset” should be understood as “property and/or (property, non-property) rights, which represent value, including digital assets, money and various kinds of works, services”.

Provision 5 of the Bitbon Protocol records the Bitbon blockchain token’s nature as being derivative of the property right to a value (asset). In accordance with provision 6 of the Bitbon Protocol, SIMCORD LLC is the owner of the asset.

Thus, the “owner of the asset”, i.e. SIMCORD LLC, should be considered the owner of the value. Whereas the owner of the Bitbon blockchain token will always be a Bitbon System participant.

The mechanism of the Bitbon System participant’s access to a set of rights and obligations of SIMCORD LLC, as the owner of the value, is presented in Appendix No. 4 to the Bitbon Protocol “Agreement on Assignment of the Right of Access to the Bitbon System”, the subject matter of which is the transfer of access (right of access) to the Bitbon System. It is worth noting that access (right of access) to the Bitbon System is an opportunity of a legal entity to be a Bitbon System participant, which implies the provision of rights and obligations specified in the Bitbon System Public Contract to him/her, the implementation and performance of which is possible in the Bitbon System. The entity, by becoming a Bitbon System participant, acquires a certain part in the total amount of access (right of access) to the

Bitbon System where 100,000,000.00 (one hundred million) units of the Bitbon token correspond to 100% of the amount of access (right of access) to the Bitbon System, which, in turn, means that the Bitbon blockchain token provides its owner with the access (right of access) to a set of rights and obligations of the value's owner, SIMCORD LLC.

Question No. 6: Is there a document that contains information, which reliably specifies the owner's property right to the value, which the BT derives from?

Answer: Yes (option A).

Substantiation: In accordance with provision 6 of the Bitbon Protocol, SIMCORD LLC is the owner of the asset. More detailed information about the structure of the asset of SIMCORD LLC and constitutive documents that reliably confirm the company's property right to trademarks, patents and software complex, as well as business operations with these objects, is in Appendix No. 2 to the Bitbon Protocol "Asset of SIMCORD LLC".

Question No. 7: Does the BT transaction history display information about the parties involved in the transaction?

Answer: Yes (option A).

Substantiation: Based on the materials of the official information resource of the Bitbon System (URL as of the time of reviewing this issue: <https://www.bitbon.space/en/blockchain-statistics>), the information about the parties of the transaction can be found in the history of transactions with the Bitbon blockchain token, which includes the corresponding accounting addresses (Assetboxes):

- of a party to an agreement that transfers a certain amount of access (right of access) to the Bitbon System;
- of a party to an agreement that, as a result of the transaction, received a certain amount of access (right of access) to the Bitbon System.

Question No. 8: Are there recorded mechanisms of management and development of the BT's circulation environment for the community?

Answer: Yes (option A).

Substantiation: In accordance with Clause 21 of the Bitbon System Public Contract, the Bitbon System is the only possible circulation environment for the Bitbon blockchain token.

The documented mechanisms for managing the circulation environment of the Bitbon blockchain token by the Bitbon System decentralized autonomous community include the following:

- direct right of Bitbon System participants to manage the Bitbon System in the interests of all its users (Clause 3 of the Bitbon System Public Contract);
- Appendix "Bitbon System Management" (Clause 12 of the Bitbon System Public Contract);
- the fact that the Bitbon System is managed by all Bitbon System participants, while no one can claim superiority and establish any form of control in the Bitbon System since all Bitbon System Participants have equal rights (Clause 29 of the Bitbon System Public Contract).

The documented mechanisms of developing the circulation environment of the Bitbon blockchain token by the Bitbon

System decentralized autonomous community include the following:

- regular interaction of the Bitbon System operators in order to upgrade digital processes aimed at supporting and developing the IT infrastructure of the Bitbon System (Clause 48 of the Bitbon System Public Contract);
- mining in the Bitbon System as the mechanism that ensures the development of the Bitbon System. Thus, according to Clause 61 of the Bitbon System Public Contract, the Bitbon System user in the status of a miner undertakes obligations to participate in supporting and developing the decentralized execution environment for the Bitbon System's functioning;

When discussing the matter of documented mechanisms for managing and developing the circulation environment of the Bitbon blockchain token by the Bitbon System decentralized autonomous community, Clause 67 of the Bitbon System Public Contract should be considered. In accordance with this Clause, the transition of the Bitbon System to completely decentralized management by the Bitbon System Participants will occur when the total number of Bitbon System operators exceeds 1,345 (one thousand three hundred and forty-five), and, as a result, Simcord Company makes the decision to terminate the terms of the transition period.

Question No. 9: Is the accounting of the BT transfer amount between the identified parties of the transaction possible?

Answer: Yes (option A).

Substantiation: Accounting of transferring a certain number of units of the Bitbon blockchain token between the identified parties within a transaction is achieved as a result of the existence of accounts in the Bitbon System as the only possible circulation environment for the Bitbon blockchain token. Thus, the existence of accounts in the Bitbon System envisions that the user must go through the verification procedure, which allows carrying out the accounting of transferring units of the Bitbon blockchain token between the identified parties within a transaction.

Question No. 10: Is there a document that determines the number of BTs?

Answer: Yes (option A).

Substantiation: Bitbon Protocol is the comprehensive document that determines the number of units of the Bitbon blockchain token. Thus, provision 10 of the Bitbon Protocol states that the number of issued units of the Bitbon blockchain token equals 100,000,000.00 units. This statement is also mentioned in Clause 3 of the Bitbon System Public Contract, which states that “As the founder of the Bitbon System, Simcord Company has issued 100,000,000 Bitbon units”.

The above-mentioned statements are based on the information on the first transaction available on the official website of the Bitbon System (<https://www.bitbon.space/>):

Transaction hash:

0x98fbe4b80322f60ae867fceabc351545307aff0c26dd873ac4b0d
5e2844a0567

Block number: 351

Date: March 13, 2018 8:23:57 +UTC

Sender's accounting address (Assetbox):

0x9e7c5a1f4cf2e80422f21d4c20a13e356e0cfff9

Recipient's accounting address (Assetbox):

0xa0aafbe11383d631fb1007d689f7fbf83f87ee3e

Number of Bitbons: 100,000,000.00

It should also be noted that, in accordance with provision 12 of the Bitbon Protocol and Clause 4 of the Bitbon System Public Contract, additional issue of the Bitbon blockchain token is impossible.

Question No. 11: Does the document allow confirming the legal claim of the creator of the BT to the value?

Answer: Yes (option A).

Substantiation: It must be noted that the categories "asset" and "value" within the context of this issue are synonymous. Bitbon blockchain token, in accordance with provision 5 of the Bitbon Protocol, in its origin is derivative of the property right to an asset. The ability to confirm the eligibility of the Bitbon blockchain token's creator in relation to a value exists due to provision 6 of the Bitbon Protocol, which establishes that SIMCORD LLC is the owner of the asset. More detailed information containing the structure of the asset of SIMCORD LLC and constitutive documents, which reliably indicate the property right of the Customer to trademarks, logos, patents, software complexes (products), as well as business operations with these objects, is in Appendix No. 2 to the Bitbon Protocol "Asset of SIMCORD LLC".

Question No. 12: Is there a document that establishes the conditions for using the BT?

Answer: Yes (option A).

Substantiation: The Bitbon Protocol, among other things, establishes the conditions for using the Bitbon blockchain token because it is an information resource represented in the form of a digital document, which specifies unique attributes and properties of the Bitbon digital asset, as well as the terms and conditions of its circulation in the Bitbon System.

The Bitbon System Public Contract is also presented as the document establishing the conditions for using the Bitbon blockchain token.

The terms and conditions for using the Bitbon blockchain token are confirmed by separate Appendices that are an integral part of the Bitbon System Public Contract:

- Appendix “Use of Digital Assets for Mutual Settlements for Goods, Works and Services in the Bitbon System” (Clause 12 of the Bitbon System Public Contract);
- Appendix “Policy of Rights and Freedoms of the Bitbon System Users” (Clause 12 of the Bitbon System Public Contract);
- Appendix “Properties and Attributes of Digital Assets in the Bitbon System” (Clause 12 of the Bitbon System Public Contract);
- Appendix “Rules of Transferring Digital Assets in the Bitbon System” (Clause 12 of the Bitbon System Public Contract) and others.

Question No. 13: Is there a document that determines an event, which affects the validity period of the BT?

Answer: No (option B).

Substantiation: Provision 23 of the Bitbon Protocol states that the Bitbon Protocol itself, being a document that regulates all aspects of existence of the Bitbon blockchain token, is indefinite in nature. This leads to the conclusion on the indefinite existence nature of the Bitbon blockchain token. This, in turn, means that the creator of the Bitbon blockchain token has excluded the possibility of the event, which can affect the validity term of the Bitbon blockchain token. Thus, there is no document, which determines the event affecting the validity term of the Bitbon blockchain token.

Question No. 14: Does the BT provide its owner with the right to demand the fulfillment of a set of rights and obligations from the owner of the value?

Answer: Yes (option A).

Substantiation: In accordance with provision 6 of the Bitbon Protocol, SIMCORD LLC is the owner of the asset. More detailed information containing the structure of the asset of SIMCORD LLC, as well as constitutive documents, is in Appendix No. 2 to the Bitbon Protocol “Asset of SIMCORD LLC”.

Provision 20 of the Bitbon Protocol establishes the guarantee to use the asset of SIMCORD LLC as the backing of the Bitbon blockchain token, which, in turn, indicates the transfer of the digitized asset of SIMCORD LLC to Bitbon System participants for joint use. In addition, the amount and list of values can be changed by the owner of the asset, but only to increase and/or improve it (provision 21 of the Bitbon

Protocol).

Based on Clause 7 of the Bitbon System Public Contract, SIMCORD LLC, as the owner of the asset, implements a set of obligations aimed at creating and integrating innovative solutions, as well as at supporting, updating and developing intellectual software and hardware infrastructure of the Bitbon System, which are transferred to the owners of the Bitbon blockchain token.

The above-mentioned clauses allow stating that the Bitbon blockchain token provides its owner (Bitbon System participant) with the right to claim the fulfillment of a set of rights and obligations from the owner of the value (SIMCORD LLC).

Question No. 15: Is there a document that contains reliable information about the scope of the rights of the value's owner and third parties to the value, which the BT derives from?

Answer: Yes (option A).

Substantiation: Appendix No. 2 to the Bitbon Protocol "Asset of SIMCORD LLC" contains constitutive documentation that allows stating the reliability of information on the amount of rights of the owner of the asset of SIMCORD LLC to the value (asset), which the Bitbon blockchain token derives from.

The reliability of information on the amount of rights of the owner of the value (asset) of SIMCORD LLC to a value (asset), which the Bitbon blockchain token derives from, also confirms the following:

- provision 10 of the Bitbon Protocol that establishes the issued units of the blockchain token in the amount of 100,000,000.00 units, which corresponds to 100% of access

(right of access);

- provision 8 of the Bitbon Protocol (SIMCORD LLC as the sole creator of the Bitbon blockchain token).

In addition, in accordance with provision 21 of the Bitbon Protocol: “The amount and list of values can be changed by the owner of the asset but only in order to increase and/or improve”.

Question No. 16: Is the accounting of transactions conducted based on the previous transactions (UTXO) or on the balance accounting of the BT?

Answer: Yes (option A).

Substantiation: Transaction accounting for the Bitbon blockchain token is conducted based on the balance accounting. This is due to the fact that within the circulation environment of the Bitbon blockchain token, there is a model of changing the statuses when performing transactions. Thus, the execution of each transaction leads to the adjustment of balances of addresses participating in the transaction. If we follow the chain of transactions, which a separate Assetbox participates in, we can follow the balance/remaining amount of Bitbons in this Assetbox. The fact that the transaction accounting of the Bitbon blockchain token is conducted based on the balance accounting can be confirmed by the example of a separate accounting address (Assetbox).

Question No. 17: Does the community support the infrastructure of the BT’s circulation environment?

Answer: Yes (option A).

Substantiation: The support of the intellectual software and hardware

infrastructure of the Bitbon System, which is the circulation environment of the Bitbon blockchain token, is provided by SIMCORD LLC as the founder of the Bitbon System (Clause 7 of the Bitbon System Public Contract).

In addition, mining in the Bitbon System is one of the mechanism for supporting the infrastructure. Thus, in accordance with Clause 61 of the Bitbon System Public Contract, the Bitbon System user in the status of a miner undertakes obligations to participate in supporting and developing the decentralized environment for the Bitbon System's functioning.

There are two mining methods envisioned in the Bitbon System:

- consensus building mining, in the context of which the miner allocates a certain number of his/her Bitbons;
- infrastructure building mining, for the implementation of which, the miner allocates his/her resources.

It must also be noted that supporting the infrastructure of the Bitbon System is one of the main functions of Bitbon System operators. This is evident from the following clauses:

- the Bitbon System user in the status of a Bitbon System operator shall conduct activity aimed at organizing and automating the technological interaction among all Bitbon System users by providing access to the single digital space for all Bitbon System users and all necessary tools for conducting activity within the Bitbon System, thus ensuring integrity and functionality of the Bitbon System (Clause 47 of the Bitbon System Public Contract);
- the Bitbon System operators shall interact with each other on a regular basis in order to upgrade digital processes

aimed at supporting and developing the IT infrastructure of the Bitbon System (Clause 48 of the Bitbon System Public Contract).

Question No. 18: Is it possible to record the actions of the identified parties by using the transaction identifier?

Answer: Yes (option A).

Substantiation: According to the official information resource of the Bitbon System (www.bitbon.space), each transaction of the Bitbon blockchain token in the Bitbon System is assigned a unique transaction identifier, which allows accessing the information (information resource) containing the data on accounting addresses (Assetboxes) of the sender and the recipient, as well as on the amount of the transferred access (right of access) by means of transaction. Thus, the actions of the identified parties are recorded in the Bitbon System by using the transaction identifier.

5. Analysis of Research Results

Based on the approach to determining a blockchain token's correspondence to a digital asset presented in the Methodological Manual, at this stage, the analysis of research results of testing the characteristics of the Bitbon blockchain token is conducted using table 2 (that consists of Steps 1-3), during which the maximum number of points is 16, and the minimum is 0.

Table 2

Step 1. Determine the value of the answer for each question		
Question No.	1	2
	In this column, the answer received for each question of testing the characteristics of the Bitbon blockchain token was marked in the <input type="checkbox"/>	In this column, values for each question were specified according to the following answer values: A = 1, B = 0, C = 0
1	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
2	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
3	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
4	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
5	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
6	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
7	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
8	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
9	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
10	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
11	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
12	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
13	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C	0
14	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
15	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
16	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
17	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1
18	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	1

Step 2. Determine the values				
	1	2	3	4
Criterion No.	Criterion	Numbers of the two questions corresponding to each criterion	The values from column 2 of Step 1 into the cell corresponding to each question were entered in this column	The value obtained through simple multiplication of the two values of answers corresponding to each criterion in column 3 of Step 2 was specified in this column
1	Uniqueness	1	1	1
		10	1	
2	Identifiability	2	1	1
		11	1	
3	Regulability	3	1	1
		12	1	
4	Sessionality	4	1	0
		13	0	
5	Derivativeness	5	1	1
		14	1	
6	Verifiability	6	1	1
		15	1	
7	Transparency	7	1	1
		16	1	
8	Decentralization	8	1	1
		17	1	
9	Accountability	9	1	1
		18	1	

Step 3. Determine whether the results obtained in the questionnaire correspond to the criteria of a digital asset			
	1	2	3
	The values from column 4 of Step 2 were entered into this column	Action	The result after completing a simple multiplication of values specified in columns 1 and 2 of Step 3 was written down in this column
1	1	× 1	1
2	1	× 1	1
3	1	× 1	1
4	0	× 1	0
5	1	× 2	2
6	1	× 2	2
7	1	× 2	2
8	1	× 2	2
9	1	× 4	4

By means of simple addition of values in column 3 of Step 3, we receive the following total number of points for the Bitbon blockchain token — **15**.

6. Interpretation of Research Results

According to the Methodological Manual, at this stage, the diagnostics of correspondence of the Bitbon blockchain token's characteristics to a digital asset is carried out based on the normal distribution of indicators presented in table 3.

Table 3

Grade Scale of the Indicators of a Blockchain Token

Range, points	Results
1–8	<p>BT does not correspond to a digital asset, i.e. it is not a digital asset.</p> <p>The obtained result reliably confirms the absence of the required level of correspondence of a blockchain token to a digital asset</p>
9–12	<p>BT can theoretically be a digital asset, but in reality, it is not one.</p> <p>This conditionally negative result is based on the fact that the characteristics of a blockchain token can correspond to all four categories of a digital asset, but the obtained number of points is not sufficient to get reliable indicators in order to define a BT as a digital asset</p>
13–16	<p>BT corresponds to a digital asset, i.e. it is a digital asset.</p> <p>This result indicates the required level of correspondence of a blockchain token to a digital asset, which means it is a digital asset</p>

Based on the results of determining whether the Bitbon blockchain token corresponds to a digital asset, the total number of points is 15. Interpretation of the results of the conducted research of the Bitbon blockchain token allows stating the following:

the result obtained over the course of conducting the diagnostics indicates the required level of correspondence of a blockchain token to a digital asset, i.e. that

the Bitbon blockchain token is a digital asset.

7. Notes

As a result of the conducted diagnostics, the level of the Bitbon blockchain token's correspondence to a digital asset was determined in the form of a total number of points being equal to 15 out of 16. This indicator is explained by the lack of correspondence of the Bitbon digital asset to the "Sessionality" criterion, and to be more specific, the absence of the indication of an event, which affects the validity term of the Bitbon digital asset in the Bitbon Protocol (including its Appendices).

In turn, the inability to indicate an event, which affects the validity term of the Bitbon digital asset, is determined by the infinite nature of its existence. Thus, none of the regulating documents limit the circulation term of the Bitbon digital asset.

The Scientific and Legal Opinion
"Determining Whether the Bitbon
Blockchain Token Corresponds to a Digital
Asset" is subject to publication on a
centralized information service on digital
assets digitalassettest.org

8. Terms and Definitions

1. **Asset** is property and/or (property, non-property) rights, which represent value, including digital assets, money and various kinds of works, services.

2. **Balance accounting of digital assets** is a method for determining the difference between income and expenditure of digital assets at a certain point in time at the address of their accounting, which is based on the registration and accounting of transactions of a blockchain token and is implemented by the software of the blockchain network node.

3. **Blockchain** is a type of a distributed ledger, which constitutes a sequential chain of generated transaction blocks built according to certain rules. At the same time, each subsequent block of the structure contains information about the previous one, so as a whole, the chain stores the entire history of completed transactions.

4. **Verification** is a process of confirming the authenticity of identity based on the documents provided by the party that is being checked.

5. **Owner of the Bitbon blockchain token unit or its part** is a natural person or business entity without personalization or restrictions in use.

6. **Document** is digitally recorded information that establishes certain attributes and properties of a digital object, rules and conditions for its creation and circulation in an information system as well as the order of its execution. It also exists in an integrated form, which means that it represents a set of structurally independent digital documents that establish separate aspects, which, according to their primary purpose, regulate the document as a whole.

7. **Identifier** is a unique set of alphanumeric characters of a certain length assigned to the information resource in the environment of its circulation.

8. **Information resource** is information structured and organized in a certain way, recorded on a tangible medium. This information can be stored, transferred, used and replenished. The information resource has the properties of practical significance and usefulness, as well as the possibility of multiple use.

9. **Bitbon System user** is an entity of any legal relations that directly performed an action, which caused an event within the Bitbon System.

10. **Terms and conditions of using a BT** are the data displayed in an information resource that determine the underlying regularities, regulations and guiding principles for circulation of an alphanumeric identifier that is registered in the blockchain and provides its owner with a certain amount of access rights to an information resource.

11. **Derivative of the right** is a property of the object, giving its owner the right, which is formed from the right to a value.

12. **Bitbon Protocol** is the final document of creating the “Bitbon Protocol” information resource derivative of the asset of SIMCORD LLC, EDRPOU 37657823 that establishes the attributes and properties of the Bitbon digital asset, terms and conditions of its circulation in the Bitbon System, as well as the execution of the Bitbon Protocol.

13. **Bitbon System Public Contract** is a digital document, a type of social contract of statutory nature, basic constitutive agreement between SIMCORD LLC, as the founder of the Bitbon System, and all Bitbon System participants, where SIMCORD LLC also acts as the Bitbon System operator.

14. **Creator of a BT** is an entity that directly or indirectly (as a customer) indicates the value, importance and usefulness of an object by creating an alphanumeric identifier that is registered in the blockchain and provides its owner with a certain amount of access rights to an information resource.

15. **Distributed ledger technology** is a new approach to recording and exchanging data among multiple data stores (also known as books and ledgers). This technology allows recording, sharing and synchronizing transactions and data in a distributed network of various network participants.

16. **Blockchain token** is an accounting unit circulating in the distributed ledger by means of a transaction with a unique identifier.

17. **Bitbon System participant** is a Bitbon System user that uses Bitbons to conduct his/her activity in the Bitbon System.

18. **Transaction hash** is a unique set of characters of letters and numbers (identifier) of a fixed length assigned to a blockchain token transaction in its circulation environment and generated as a result of transforming an array of data of arbitrary length.

19. **Value** is worth, utility, or importance, which can also be expressed by different measurement units depending on the area of practical use of such a value and the ecosystem in which such a value exists.

20. **Digital asset** is an information resource derivative of the right to a value and circulating in the distributed ledger in the form of a unique identifier.

21. **UTXO** is an unspent transaction output that can be used as an input of a new transaction.

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RESEARCH CENTER
OF LEGAL SOLUTIONS IN THE AREA OF APPLICATION
OF DISTRIBUTED LEDGER TECHNOLOGIES

№ 0001

December 7, 2019

CERTIFICATE

OF A BLOCKCHAIN TOKEN'S CORRESPONDENCE TO A DIGITAL ASSET

Bitbon

is a digital asset

total number of points is 15 (out of a possible 16)

Certification Body: Non-governmental organization "Research Center of Legal Solutions in the Area of Application of Distributed Ledger Technologies", EDRPOU 43370506

Justification: Scientific and legal opinion "Determining Whether the Bitbon Blockchain Token Corresponds to a Digital Asset" No. 0001 dated December 6, 2019

Customer: SIMCORD Limited Liability Company, EDRPOU 37657823

This certificate confirms that the **Bitbon** blockchain token corresponds to all categories of a digital asset, i.e. is an information resource derivative of the right to a value circulating in the distributed ledger in the form of a unique identifier.

The definition of Bitbon as a digital asset is the foundation for the legally protected implementation of owners' property right to their **Bitbons** in accordance with all accepted international standards. The property right to the **Bitbon** digital asset can also be represented in accounting documentation as an intangible asset in accordance with the International Financial Reporting Standards (IFRS) 38 "Intangible Assets".

Chairperson of the NGO "RC of Legal Solutions in the Area of Application of Distributed Ledger Technologies" Igor Dunayev

www.blockchainukraine.org | www.digitalassettest.org

