



Algebraix Token Economics

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This document describes the economics of the Algebraix Token (ALX) and various aspects of the Algebraix Platform and Algebraix Network. Updates to this document will be posted on the Algebraix SAFT web page:

<https://algebraix.io/saft>

LEGAL DISCLAIMER: This document contains forward-looking statements, subject to risks and uncertainties that could cause actual results to differ materially from what is described here.

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1. ALX Token Allocation

Token allocation is a mechanism for distributing tokens so that a wide supply is available once the Algebraix Network begins to operate and a flow of advertisements can be established. At genesis, 100 billion ALX tokens will be created. No further coins will be created and there will be no mechanism for their creation.

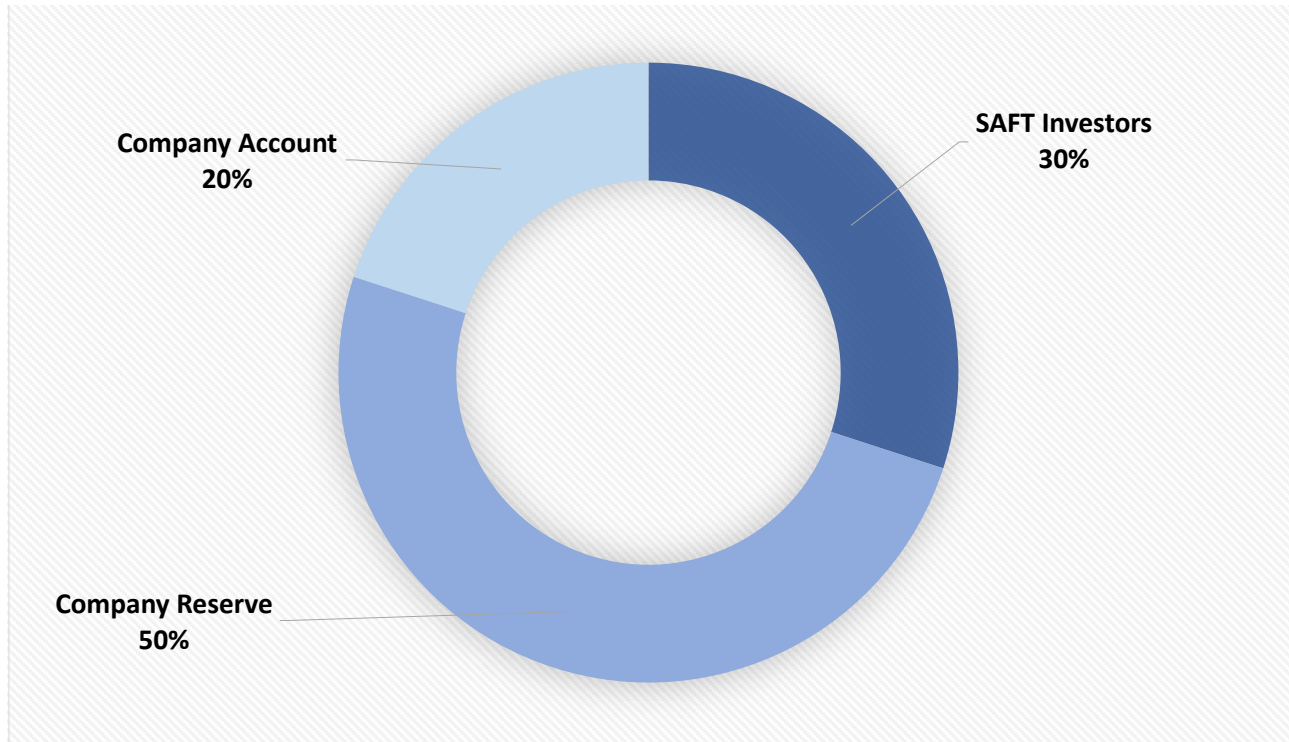


Figure 1. ALX Token Allocation

The ALX tokens will be distributed as illustrated in the above diagram. The allocations will be as follows:

- 30% are available for the SAFT (Simple Agreement for Future Tokens) token pre-sale.
- 20% make up the Company Account to be allocated to Algebraix staff and also, advisors, agents and suppliers.
- The remaining 50% form a company contingency reserve, some of which will be used to promote Algebraix network growth.

2. The Algebraix SAFT Offering

Algebraix Data requires significant funding to develop the Algebraix Platform, which comprises the Personal Secure Vault (PSV), the Algebraix blockchain network, the advertising database and software that will drive it. For a variety of reasons—particularly for the sake of scalability, since the network may eventually need to cater to hundreds of millions of users—we need to develop all the software required: the “staking/farming” software, the mobile and desktop client software and crypto wallet, user interfaces and apps, network infrastructure and monitoring, integrations with other blockchains, tooling for writing distributed apps and smart contracts for the Algebraix blockchain and more.

Algebraix Data also needs to launch the blockchain network and facilitate its growth to the point where it can operate at scale. We will need to market to “stakers/farmers,” recruit sufficient numbers and on-board them to the network. We will also need to incentivize developers to build distributed apps for the network and we will likely need to bridge to other blockchains and enable them to be used from within the Algebraix network.

2.1 Offering of Algebraix Data’s SAFTs.

To raise this funding, Algebraix Data is conducting an offering of SAFTs (SAFT stands for Simple Agreement for Future Tokens - see the legal section later in this document).

2.2 The SAFT

We hope to assemble a large and diverse group of investors from around the world, not only individual accredited investors, but also companies that, in our view, should have a strong interest in seeing a reformation of the current complex and confused digital advertising market. We welcome strategic investments from companies who are likely to become regular users of the advertising service we are building and who may be able to contribute to its development.

We also wish to reach as broad a user base as possible. We have structured the SAFT to reward a large group of people, who can help us build the network, by selling ALX tokens at what we think is a much lower price than will eventually be reached (caveat: as with any risky investment, we cannot make guarantees or reliable predictions). We are legally restricted to involving only accredited investors (world-wide investors accredited to U.S. or similar standards; see legal section).

2.3 SAFT Details

The SAFT details are as follows:

- Instrument: Algebraix Data SAFTs
- Sale Cap: 30,000,000,000 ALX
- Sale Time-line: Opened October 2017 and will run until all of the allocated tokens have been sold. There is no specific cut off date, other than the network launch.

The intention is to raise \$25,000,000.

3. Legal Work & The SAFT

3.1 Offering Documents

Our offering is being conducted with the SAFT (Simple Agreement for Future Tokens) instrument, created to enable regulatory compliant token pre-sales. Read our **Private Placement Memorandum (PPM)** for a detailed description of our offering and a number of important legal disclosures.

3.2 SAFTs, Token Sales & Securities Laws

Most token sales happen as direct sales of the token, a crypto asset. Some happen as pre-sales of rights to tokens before the token and the network exist. Some such token sales may not comply with the securities laws of the U.S. and other jurisdictions. Some token sales have chosen to bar U.S. investors from participating for this reason. Others have chosen to offer rights to tokens only to accredited investors on the basis SAFTs as we are doing. For an excellent review of securities laws as they may or may not apply to crypto tokens, please see Coin Center's thorough [Framework for Securities Regulation of Cryptocurrencies](#).

3.3 Regulation D, 506(c)

After extensive legal review, we have concluded that token sales such as ours should be cautious. Other blockchain projects have been deemed to be selling securities. Therefore, out of an abundance of caution and with the best long-term interests of the Algebraix Network at heart, we have structure our fundraising sale as an offering of SAFTs. We are conducting the SAFT offering in compliance with Rule 506(c), Regulation D, under the securities act of 1933, as amended, and other U.S. federal securities laws (see our **PPM**).

3.4 SAFT

The SAFT is a fundraising instrument and legal agreement between two parties, where one party (the buyer) buys rights to tokens at a future date from the other party (the seller), after the Network Launch. You can find our more about the SAFT by downloading and reading the **SAFT** and our **PPM**.

3.5 U.S. Accredited Investors

We are required by law to ensure that all U.S. investors who participate in our SAFT sale qualify as "Accredited Investors" (i.e. have over \$200K, or \$300K w/ spouse, in income, or a net-worth over \$1M, etc.). We unfortunately cannot offer the ALX SAFT to U.S. investors who do not meet that requirement. This may be disappointing for many people in our community, as so many of our supporters are not accredited. Nevertheless, the regulations are in place to protect people from bad actors, and we hope our community understands we must abide by them.

3.6 Non-U.S. Investors

Technically, we are not required to apply the same standard to non-U.S. investors, and we may be able to classify the sale to those as a Regulation S offering, exempt under U.S. securities laws. In such a case, we would need an extensive, world-wide review of each jurisdiction to figure out what restrictions we do or do not need to apply. This could take months of legal work to address thoroughly. Since the U.S. restrictions tend to be more stringent -- and world-wide investors often invest in U.S. ventures according to U.S. securities laws -- our legal team requires us to apply either the investors' jurisdiction restrictions or at minimum the U.S. restrictions to all investors.

4. Network & SAFT FAQ

4.1 What is the SAFT Cap?

Refer to section **2.3 SAFT Details** earlier in this document.

4.2 What is the total supply of ALX?

Refer to section **2.3 SAFT Details** earlier in this document.

4.3 How many ALX will Algebraix retain?

Refer to section **1. ALX Token Allocation** earlier in this document.

4.4 What is a SAFT and what do I get when I buy one?

The Simple Agreement for Future Tokens (SAFT) is a legal agreement. You can think of it as resembling a forward contract for an amount of ALX tokens: the seller (Algebraix Data) sells the rights to tokens ahead of their release date to a buyer (you); the seller must then build the network that enables their use and deliver the tokens at the Network Launch. Half the number of ALX tokens purchased by SAFT investors will be delivered to them at the Network Launch. The remainder will be delivered on the six-month anniversary of the Network Launch. So when buying a SAFT, you purchase the rights to receive tokens from the issuer on a future date, subject to any limitations that are detailed in the SAFT itself.

4.5 When is the Network Launch?

There is currently no specific date scheduled for the Network Launch.

4.6 What is the SAFTs term?

The SAFT term is until the Network Launch, or dissolution of the Deadline Date (as defined in the SAFT).

4.7 How do you check the accreditation of the investors?

The SAFT applications are being processed by Algebraix.io in conjunction with software provided by CoinList to manage Know Your Customer (KYC) requirements both nationally and internationally.

4.8 What about problems of compliance and regulation?

Regulatory compliance is a key focus Algebraix Data. We have employed the top attorneys in the industry to advise our process.

4.9 Why is Algebraix Data doing a SAFT rather than an ICO?

Following legal advice Algebraix has chosen not to do an ICO. Currently, ICO's in the US are under a regulatory cloud. SAFTs reduce that risk and conduct the sale of an investment contract with approved accredited investors only, in reliance on the safe harbors for private offering exemption.

4.10 What are the confirmation times for each payment method?

Different payment methods available may have different confirmation times. For example, the Bitcoin block time is estimated to be around 10 min. Please note that network congestion can, at times, make blockchain confirmations much slower than the average time. We cannot clear an investment until it is fully confirmed.

4.11 Is there a minimum investment requirement or a maximum investment limit for any individual investor?

There is no minimum or maximum investment limit for any individual investor or investing entity.

4.12 What happens if I send a payment, and my investment triggers the \$25 million cap?

Unless the cap is increased, the SAFT will close as soon as the SAFT cap is exceeded and, from then, no further investments will be accepted. At that time, any investments that have been entered and are in the queue to be processed will be processed and the appropriate number of tokens will be allocated.

4.13 What happens if I send a payment, but it is not enough to cover the full investment?

All investments remain open until the full-purchase price is received. This means any underpayment will keep the transaction open and uncompleted. You may still send additional money to the deposit address to complete the transaction until the SAFT closes, at which point any uncompleted transactions are canceled. We CANNOT issue a SAFT for partial investments, because the legal agreements signed will be for the EXACT amount you entered and agreed to.

4.14 What happens if I send too much or too little money to complete an investment? What happens to that money?

Any funds contributed to investments that were NOT completed by the end of the sale (i.e., too little money) will be canceled. Any extra funds contributed to an investment beyond the investment amount (i.e., too much money) will not be counted. Those funds will be refunded to the investor. For security reasons, we CANNOT return any such monies until after the sale has ended. Please do not make such a request. We WILL NOT make exceptions, as this is a very high security risk.

