

The Internet of Coins

Fundraiser Contribution Terms

Preamble

The Internet of Coins project (from now on referred to as IoC) is estimated to be a three-year development effort led by the Internet of Coins foundation incorporated under the Commons Conservancy (“IoC-CC”) (<https://commonsconservancy.org/>) as a project to build an open source blockchain environment for digital asset management and deployment of inter-blockchain assets called “hybrid assets”. Initially the protocol is aimed to be based on seven blockchain technologies with a view to be deployable on further blockchains as new technologies develop. The team aims to connect as many blockchains as possible to connect separated economies and diversify the IoC asset portfolio.

Please note that this document does not constitute to be a prospectus of any sort, is not a solicitation for investment or an initial public offering or share/equity offering and does not pertain in any way to an offering of securities in any jurisdiction.

The contribution to the IoC PROJECT does not involve the exchange of cryptocurrencies for any form of ordinary shares in IoC-CC, neither does the HYBRID TOKEN holder receive any form of dividend or other revenue right that is guaranteed. HYBRID TOKENS only provide their holder – if and to the extent the IoC PROTOCOL is successfully developed and deployed – with a limited right to use the IoC PROTOCOL (usage license).

Definitions

- **IoC-CC** shall mean the Internet of Coins foundation incorporated under the Commons Conservancy. (<https://commonsconservancy.org>)
- **IoC** (or **IoC PROJECT**), shall mean the development of an open source blockchain protocol, referred to as IoC PROTOCOL, for digital asset management deployable on multiple blockchains.
- **IoC PROTOCOL** shall mean the blockchain protocol for digital asset management as outlined in the WHITEPAPER.
- **WHITEPAPER** shall mean the IoC PROJECT whitepaper available for download under URL https://internetofcoins.org/public/uploads/whitepaper_ioc.pdf
- **PROJECT COMPLETION** (or **PROTOCOL DEPLOYMENT**), shall mean the final deployment of the IoC PROTOCOL to a live consensus network on top of existing blockchain networks upon which any and all responsibility such as maintenance, further development and governance will be given to TOKENHOLDERS. IoC-CC will retain no special privilege, right or obligation other than its TOKENHOLDER function in the IoC PROTOCOL itself.
- **IoC HYBRID TOKENS** (or **HYBRID TOKEN** or **TOKEN** or **TOKENS** or **HYBRID** or **HYBRIDS**) shall mean the cryptographic tokens distributed for IoC PROJECT which are held on the Bitcoin, Counterparty, Ethereum, NXT, New Economy Movement, Waves, Bitshares distributed ledger systems. Contributors to IoC will receive HYBRID TOKENS. Once the IoC PROTOCOL is successfully deployed, HYBRID shall be the cryptographic tokens which represent a usage right (usage license) to the deployed IoC PROTOCOL.
- **CONTRIBUTION PERIOD** shall mean the time period of thirteen weeks starting March 21st, 2017, in which contributors to IoC may participate to receive HYBRID after the CONTRIBUTION procedure, ending on June 21st, 2017.
- **SEQUESTRATOR** (or **NLnet**) refers to the Dutch NLnet Foundation, which will serve as custodian of all IoC PROJECT crowdfund proceeds. (<https://nlnet.nl>)
- **TOKENHOLDERS** shall mean the community of holders of HYBRID TOKENS.
- **INITIALLY SUPPORTED CRYPTOCURRENCIES** (or **CRYPTOCURRENCY**) shall mean Bitcoins (BTC), Ethers (ETH), CounterParty tokens (XCP), NXT coins (NXT), New Economy Movement coins (XEM), Waves tokens (WAVES) and/or Bitshares (BTS).
- **IoC ENVIRONMENT** (or **ENVIRONMENT**) shall mean the client technology developed by the IoC project team.
- **IoC ADDRESS** (or **ADDRESS**, or **IoC ADDRESSES**, or **ADDRESSES**) shall mean the by IoC-CC communicated official address(es) on (a) supported blockchain(s) of the INITIALLY SUPPORTED CRYPTOCURRENCIES where participants of the crowdfund may contribute to.
- **ROADMAP** refers to the planning outline image included under the Executive Summary in this document.
- **COINMARKETCAP** is a website at URL <https://coinmarketcap.com> which ranks cryptocurrencies and their relative prices in the cryptocurrency markets.

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1 Executive Summary

1.1 Overview

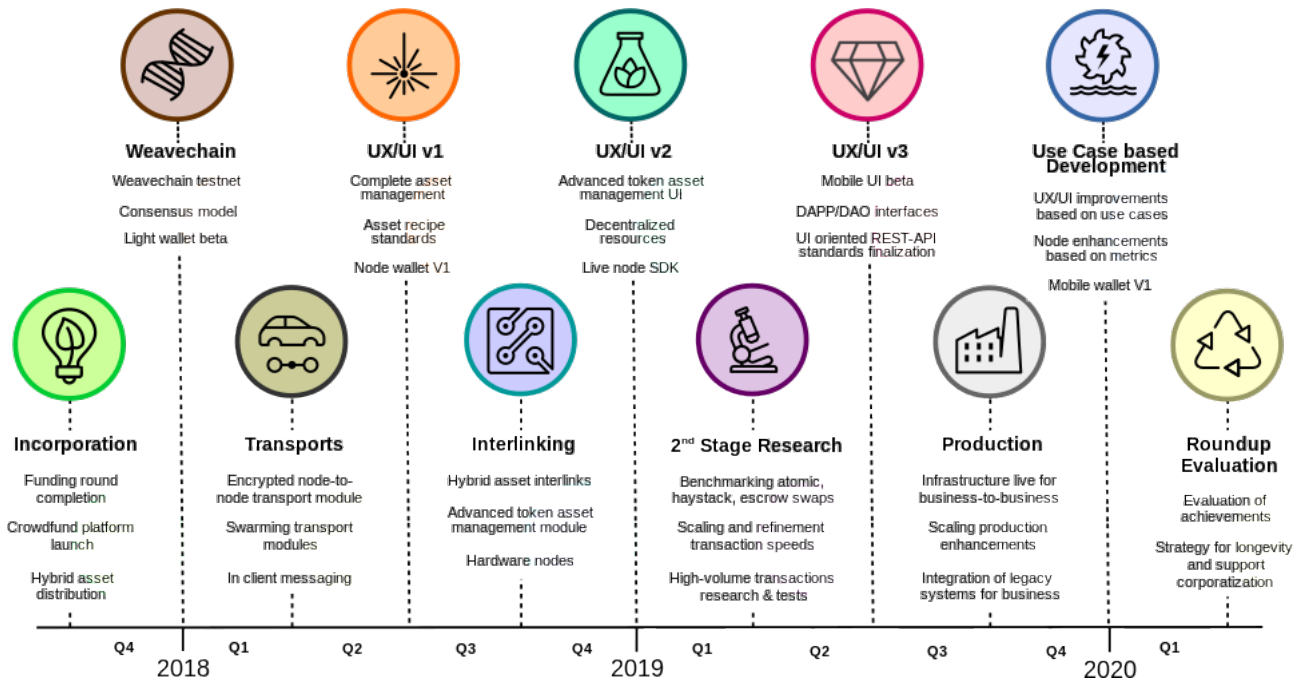
General Information	
About the IoC PROJECT	The development of an open source inclusive personal blockchain environment for digital asset management, running on the IoC PROTOCOL. The underlying weavechain is a new type of self-pruning blockchain written in Node.js and functions as a lightweight relaychain between different blockchain systems.
About the IoC PROTOCOL	The blockchain protocol for digital asset management as outlined in the Internet of Coins Whitepaper (https://internetofcoins.org/public/uploads/whitepaper_ioc.pdf , 2014).
Issuing addresses of HYBRID TOKENS for the INITIALLY SUPPORTED CRYPTOCURRENCIES	To be announced via e-mail to all registered participants upon distribution.
Jurisdiction of issuing systems	The Netherlands (NL)
Symbol of IoC TOKEN	HYBRID
Functionality of the IoC TOKEN	<p>IoC TOKENS represent a limited usage right (usage license) to the IoC PROTOCOL (if successfully developed and released).</p> <p>IoC TOKENS do not represent any ownership right, stake, share, security or right to receive future revenues from IoC-CC and/or the IoC-PROJECT.</p>
Maximum amount of IoC TOKENS created for the CONTRIBUTION PERIOD	1,000,000 IoC TOKENS per INITIALLY SUPPORTED CRYPTOCURRENCY (7,000,000 in total).
Maximum amount of IoC TOKENS available to the public in total during CONTRIBUTION	<p>900,000 IoC TOKENS per INITIALLY SUPPORTED CRYPTOCURRENCY available to the public (6,300,000 in total).</p> <p>100,000 IoC TOKENS per INITIALLY SUPPORTED CRYPTOCURRENCY reserved for development testing and rewards (700,000 in total).</p>
Inflation amount in IoC TOKEN after deployment of the IoC	IoC-CC reserves the right to issue the initial inflation rate at a maximum of 1,000,000 new IoC TOKENS per year if deemed necessary.

PROTOCOL	<p>IoC-CC does not warrant that the TOKENHOLDERS will not change the inflation mechanism of the IoC PROTOCOL as deployed by IoC-CC.</p> <p>The only purpose of inflation is to connect new ledger systems, enhancing and diversifying HYBRID over more technologies.</p>
Minimum contribution amount per user	None
Maximum contribution per User	None
Use and allocation of contributed funds	<p>All contributions will end up in multi-signature wallets held and controlled by the NLnet Foundation (NLnet). IoC-CC shall use the funds to complete the deployment of the IoC PROTOCOL as described in the WHITEPAPER and ROADMAP.</p> <p>It remains in IoC-CC's sole discretion to decide how to allocate the contributions in order to conduct the development tasks assigned to IoC-CC as part of the execution of the IoC PROJECT. All use of the contributions by IoC-CC has to be approved by the NLnet Foundation.</p>
Reach of maximum HYBRID TOKEN amount	If the maximal IoC TOKEN amount in the CONTRIBUTION PERIOD is reached for any of the INITIALLY SUPPORTED CRYPTOCURRENCIES, the participation platform will automatically stop accepting contributions in said cryptocurrency and the CONTRIBUTION PERIOD will terminate as expected.
Warnings / Risks	The User understands and accepts the risks as set forth in the Terms (Section 7).
CONTRIBUTION PERIOD	
Start of Initial CONTRIBUTION PERIOD	21st of March, 2017
Duration of CONTRIBUTION PERIOD	13 weeks (1 season: the length of Spring)
Contribution cap	\$6,300,000
Maximum amount of IoC TOKENS which can be created in the CONTRIBUTION PERIOD	<p>7,000,000 IoC TOKENS</p> <p>1,000,000 per INITIALLY SUPPORTED CRYPTOCURRENCY, 7 as of writing</p>
Maximum amount of tradable IoC TOKENS to be created for the public	<p>Max. 6,300,000 IoC TOKENS</p> <p>(distributed after the end of the CONTRIBUTION PERIOD)</p>

	User understands that IoC-CC has the right to implement in the funding platform a pre-allocation of up to 10% for Early Bird offer participants of IoC TOKENS to third parties for public sale at the same price.
Maximum amount of non-tradeable IoC TOKENS to be created for developers for internal use	Max. 700,000 IoC TOKENS (to be redistributed subsequently on a yearly basis to TOKENHOLDERS as participation rewards)
Pricing	The price of IoC TOKEN to be sold to the public (Pool A) will be set by IoC-CC prior to the beginning of the CONTRIBUTION PERIOD and is intended to be equivalent to approx. 1 USD per IoC TOKEN with a price mechanism increasing in six steps.
Early Bird offering	Early bird offering: participation available before the CONTRIBUTION PERIOD at a reduced price of \$0.95 per IoC TOKEN.
Rewards offered	For participation during the CONTRIBUTION PERIOD in 2017: – 5% rewards payout in IoC TOKENS of the total amount available IoC TOKENS in 2018 – 3% rewards payout in IoC TOKENS of the total amount available IoC TOKENS in 2019 – 2% rewards payout in IoC TOKENS of the total amount available IoC TOKENS in 2020 As a contributor in the 2017 campaign, the IoC-CC team intends to offer a 5% reward payout to participants in the 2017 CONTRIBUTION PERIOD in all future issued tokens by IoC-CC for the IoC PROJECT, when hooking up new blockchain systems
IoC ADDRESSES to transfer INITIALLY SUPPORTED CRYPTOCURRENCIES to the SEQUESTRATOR	Addresses of sequestrator NLnet to remit transfers too: BTC: 14aV8dULoL67i6xQncfmFsbFaEtpRKskC2 XCP: 1BshWVmV1o4ZPWRvTGVMGsXMmQaV1qAouw ETH: 0x197A920123DDa17040A065457Ef0c01B28A54045 NXT: NXT-FCXQ-K5NB-EA5E-CF36G XEM: NB6TCTRBT7KUN5T5337LBSBIAYHL375VHCFZNOAU WAVES: 3P6xW7z9rjfGcoTeEiitoWfHWMBz5j2GZkN BTS: internet-of-coins

1.2 Roadmap

In the following roadmap are graphically presented the milestones the IoC PROJECT is to reach every quarter in the time ahead.



The project manager of the Internet of Coins team, along with the board of recommendation, will keep track of the advances in development, marketing and all other details regarding the project and its timeline. Updates will be sent out in the form of newsletters to cover unfolding events and milestones reached. Every quarter the developments done will be assessed and planning for the following quarter will be adjusted where necessary to enable a timely response to technological progress outside the project as well as what is happening in the cryptocurrency markets.

2 Token Contribution Term Documentation

The following Token Contribution Term Documentation describes the contributions to the IoC PROJECT in return for HYBRID TOKENS as specified in the IoC ENVIRONMENT. These Terms shall apply to all Users of HYBRID TOKENS (“Users” collectively, and “User” individually) participating in the crowdfund.

2.1 Important Principles

2.1.1

By transferring INITIALLY SUPPORTED CRYPTOCURRENCIES to the IoC ADDRESSES and the IoC ENVIRONMENT creating and assigning HYBRID TOKENS to User, User confirms to understand and accept that User makes a contribution into an IoC ENVIRONMENT for the development of software, in particular the IoC PROTOCOL and the respective IP rights, including security audits, marketing & communication and research activities related to the development of the IoC PROTOCOL (together “IoC PROJECT”) as described under Section 3 of this document.

2.1.2

User further confirms to understand and accept that while the individuals and entities assigned to this task, in particular IoC-CC and its subcontractors, will make reasonable efforts to develop and complete the IoC PROJECT, it is possible that such development may partially or fully fail and User’s HYBRID TOKENS become useless- and/or valueless due to technical, commercial, regulatory or any other reasons (see also Section 2.6 regarding risks).

2.1.3

User is also aware of the risk that even if all or parts of the IoC PROTOCOL are successfully developed and released in full or in parts, due to a lack of public interest, the IoC PROJECT could be fully or partially abandoned, remain commercially unsuccessful or be shut down for lack of interest or other reasons. User therefore confirms to understand and accept that the transfer of CRYPTOCURRENCIES to the IoC ENVIRONMENT and the creation of HYBRID TOKENS carries significant financial and/or regulatory risks (including the complete loss of the contributed CRYPTOCURRENCY or the loss of any value or functionality of allocated HYBRID TOKENS).

2.1.4

By transferring INITIALLY SUPPORTED CRYPTOCURRENCIES to the IoC ADDRESSES, User expressly agrees to all of the terms and conditions set forth both within the IoC ENVIRONMENT as well as this document (together the “Terms”). User further confirms to have carefully reviewed the IoC ENVIRONMENT’s code and the terms and conditions set forth in this document and fully understands the risks and costs of participating in contribution and contributing CRYPTOCURRENCIES into the IoC ENVIRONMENT for the development of the IoC PROJECT.

2.1.5

The User also understands and accepts that since the creation of the HYBRID TOKENS as well as the assignment of the development of the IoC PROJECT and the respective network/protocol to IoC-CC are smart contract based, that therefore the functions, terms and conditions applicable thereon are set forth in the IoC ENVIRONMENT, existing on the INITIALLY SUPPORTED BLOCKCHAINS at the addresses set forth in the Executive Summary. To the extent the terms

contained herein or in any other document or communication contradict to the ones set forth in the IoC ENVIRONMENT, the Terms of the IoC ENVIRONMENT prevail.

Furthermore, no other document or communication may modify or add any additional obligations or covenants to IoC-CC or publisher of the Terms or developer of the IoC ENVIRONMENT's functions and/or any other person, entity and/or affiliates involved with the deployment of the IoC ENVIRONMENT and the setting up of IoC-CC and/or the IoC PROTOCOL, beyond those set forth in the IoC ENVIRONMENT or in this document.

2.1.6

This document does not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to an offering of securities in any jurisdiction. It is a description of the functionality of a blockchain environment.

2.2 Token Contribution and HYBRID TOKENS

2.2.1 Usage License; No Ownership, Revenue or Governance Rights

2.2.1.1 *Usage License*

Ownership of HYBRID TOKENS carries no rights express or implied other than a limited right (license) to use the IoC PROTOCOL, if and to the extent the IoC PROTOCOL has been successfully completed and deployed.

2.2.1.2 *No Ownership, Revenue or Governance Rights*

In particular, User understands and accepts that HYBRID TOKENS do not represent or constitute any ownership right or stake, share or security or equivalent rights nor any right to receive future revenues shares or any other form of participation or governance right in or relating to the IoC PROJECT (i.e. the IoC PROTOCOL) and/or IoC-CC.

2.2.2 General Contribution Principles

2.2.2.1 *Contribution Periods*

There will be one CONTRIBUTION PERIOD, lasting for 13 weeks.

2.2.2.2 *Minimal / Maximal contribution amounts per User*

No minimal or maximal contribution amounts per User are built into the IoC ENVIRONMENT. IoC-CC reserves the right to place a cap on the number of HYBRID TOKENS that can be created by each User prior to or during each CONTRIBUTION PERIOD.

2.2.2.3 *Maximal Amount of HYBRID TOKENS*

Throughout the CONTRIBUTION PERIOD, a maximal amount of 7,000,000 HYBRID TOKENS may be created by the IoC ENVIRONMENT. (see Section 2.2.3 below). If the respective maximal HYBRID TOKEN creation amount has been reached within the CONTRIBUTION PERIOD, the IoC PROJECT will stop accepting those specific CRYPTOCURRENCY contributions and the CONTRIBUTION PERIOD will end at the pre-determined time (thirteen weeks after start time).

2.2.2.4 Creation and Allocation of HYBRID TOKENS

The creation of the HYBRID TOKENS will be conducted through the IoC ENVIRONMENT. All HYBRID TOKENS are equal in their respective functionality.

Once the IoC PROJECT receives CRYPTOCURRENCY, it creates and allocates the amount of HYBRID TOKENS corresponding to the CRYPTOCURRENCY amount transferred by User at the Price implemented in the IoC ENVIRONMENT (see Section 2.5) to the User's wallet address created by the User on the IoC ENVIRONMENT. HYBRID TOKENS become transferable after the end of the 13th week of the CONTRIBUTION PERIOD.

2.2.2.5 No Refund

The User understands and accepts that all contributions are final and may not be reversed. Contributions are non-refundable. By transferring CRYPTOCURRENCY to the IoC ENVIRONMENT, the User acknowledges that he has no right to request a refund for any reason, and that the User will not receive money or other compensation for any HYBRID TOKENS that is not used or remains unused. IoC-CC makes one exception: if the minimum threshold of \$300,000 is not reached, a full refund is offered through NLnet.

2.2.2.6 Assure to Use The Original IoC ENVIRONMENT

Only the IoC ENVIRONMENT existing at the address set forth under paragraph 5 will create and allocate HYBRID TOKENS during the CONTRIBUTION PERIODS. Access to this IoC ENVIRONMENT will be available through the IoC-CC website. To the extent that any third-party website, service or smart-contracts offers HYBRID TOKENS during the CONTRIBUTION PERIOD or facilitates the sale or transfer of HYBRID TOKENS in any way during the CONTRIBUTION PERIOD or at any time up to the release of the Genesis Block, such third-party websites or services are, unless explicitly mentioned on the IoC-CC website, not authorised by IoC-CC and have no relationship in any way with IoC-CC.

2.2.2.7 Contribution Freeze

During the CONTRIBUTION PERIOD, IoC-CC may at any time stop the contribution function for security reasons. As long as IoC-CC upholds such contribution freeze, no further contribution will be possible. The CONTRIBUTION PERIOD could then be extended by IoC-CC for the duration of such contribution freeze.

2.2.3 CONTRIBUTION PERIOD

2.2.3.1 Start Date

The CONTRIBUTION PERIOD will start March 21st, 2017 at 10.00 UTC.

2.2.3.2 Contribution Cap

During the CONTRIBUTION PERIOD, a maximal amount of 6,300 Bitcoins (BTC), or the equivalent amount in other CRYPTOCURRENCIES according to exchange rates listed on COINMARKETCAP may be contributed. If the CONTRIBUTION CAP has been reached, the IoC PROJECT will immediately stop accepting CRYPTOCURRENCY contributions and the CONTRIBUTION PERIOD will end at the pre-determined date.

2.2.3.3 Maximal Amount of HYBRID TOKEN

During the Initial CONTRIBUTION PERIOD, HYBRID TOKEN up to a maximal amount of 7,000,000 HYBRID TOKEN may be created. Out of these, only part (i.e. maximal 6,300,000 HYBRID TOKEN) are assigned to the Users making contributions during the CONTRIBUTION PERIOD, as further set forth below:

User understands and accepts that IoC-CC has the right to implement in the IoC ENVIRONMENT a pre-allocation of up to 10% of HYBRID TOKENS to third parties for public distribution at the same price, as described in 'Early Bird' offers.

2.2.3.4 Reserve for development and rewards

Upon deployment, the IoC ENVIRONMENT will create and allocate 700,000 HYBRID TOKENS (or 10% of distributed HYBRID TOKENS) to a public address controlled by NLnet as set forth in the IoC ENVIRONMENT. The HYBRID TOKENS in Reserve shall be used in the sole discretion of IoC-CC to cover the costs for future bug bounty programmes, network adoption, liquidity allocation, code improvements and/or other projects that serve to market, maintain or further develop the IoC PROJECT. The contents of this Reserve will flow back to TOKENHOLDERS as part of their rewards for joining the project.

2.2.4 Pricing

2.2.4.1 Price Mechanism

The Price of HYBRID TOKENS will be set by IoC-CC prior to the beginning of the CONTRIBUTION PERIOD and may contain an increasing price mechanism.

2.3 IoC PROJECT Development

2.3.1 Principles

2.3.1.1 Assignment of Developers

The User understands and accepts that further development and completion of the IoC PROJECT (development, security, documentation, usability and applicability) will be assigned by the IoC ENVIRONMENT to IoC-CC, which has the right to engage subcontractors (developers) to perform the entire or partial development of the IoC PROJECT.

2.3.1.2 Allocation of Contributions

The User understands and accepts that for the purpose of the development of the IoC PROJECT, IoC-CC receives remuneration in the amount of the TOKENS as well as the full amount of CRYPTOCURRENCIES contributed during the CONTRIBUTION PERIODS. For this purpose, the IoC ENVIRONMENT will assign all CRYPTOCURRENCY contributions and HYBRID TOKENS to wallet addresses controlled by SEQUESTRATOR NLnet. It remains in NLnet's sole discretion to decide how to allocate CRYPTOCURRENCY contributions and HYBRID TOKENS in order to conduct the development work assigned to IoC-CC. It also remains in IoC-CC's sole discretion to decide how much of these CRYPTOCURRENCY contributions and HYBRID TOKENS shall be

used to remunerate its subcontractors. For each of these expenditures, they will however have to clarify the necessity towards the NLnet Foundation.

2.3.1.3 Scope of the Development

The User understands and accepts that the scope of the development of the IoC PROJECT and the works of IoC-CC (and its subcontractors to the extent IoC-CC engages subcontractors) will be subject to the amount of CRYPTOCURRENCY received during the CONTRIBUTION PERIODS. If insufficient CRYPTOCURRENCY is contributed in either CONTRIBUTION PERIOD, IoC-CC may decide to only partially develop the IoC PROJECT or to abandon the IoC PROJECT, which could have the consequence that HYBRID TOKENS become useless and/or valueless (see also Section 2.6 regarding risks). Through alternative forms of value input such as technology grants and research funding, the Internet of Coins team (IoC-CC) does intend and prefer continuation of the IoC PROJECT in case of an unsuccessful crowdfund.

2.3.2 Development of IoC PROTOCOL

2.3.2.1 Prototype Codebase

A prototype of the IoC PROTOCOL has already been developed and will be open-sourced in July 2017. A website application has also been built in parallel for the protocol prototype. The IoC PROTOCOL consists of a coherent Whitepaper, a codebase containing processor and scheduler functionality, and a set of modules with various User functionalities.

2.3.2.2 Support by Use of Cryptocurrency

IoC-CC will use CRYPTOCURRENCY transferred to the IoC ENVIRONMENT for the further development and completion of the IoC PROJECT (development, security, documentation, usability and applicability).

2.4 Deployment of the IoC PROTOCOL

2.4.1 HYBRID TOKEN Functionality

2.4.1.1 Protocol Usage

In the case that the IoC PROJECT is successfully developed, the usage of the IoC PROTOCOL as deployed by IoC-CC shall:

- a) Be subject to the payment of HYBRID TOKENS as a usage license fee; or rather ‘network usage/transaction fee’;
- b) Contain the usage right functionality (usage license) of the HYBRID TOKENS as set forth under herein;
- c) Contain changes to take additionally required IoC PROTOCOL and/or HYBRID TOKENS functionality into account.

2.4.1.2 Project Completion

However, the User acknowledges and understands that, after PROJECT COMPLETION, it remains in the TOKENHOLDERS' discretion whether or not to adopt the smart contract proposals of the IoC PROTOCOL and the functionality of HYBRID TOKENS as deployed by IoC-CC. The User acknowledges and understands that IoC-CC may not warrant or assure that the TOKENHOLDERS will not change the functionality of the HYBRID TOKEN and/or of the IoC PROTOCOL as proposed by IoC-CC (and set forth herein) and that such conduct could have the consequence that HYBRID TOKEN become useless and/or valueless (see also Section regarding risks).

2.4.1.3 Use of HYBRID TOKEN

HYBRID TOKENS are only for use in connection with the IoC PROJECT under the Terms of the respective smart contracts of the IoC PROTOCOL to be deployed and only constitute a transferable representation of the functions inbuilt therein.

2.4.2 Inflation Mechanism

2.4.2.1 Initial Inflation

The User acknowledges and understands that, after PROJECT COMPLETION, the IoC PROTOCOL will have an inflation mechanism. The initial inflation amount specified in the IoC PROTOCOL will be set by IoC-CC at an absolute maximum of 1,000,000 additional HYBRID TOKEN per year. The purpose of the inflation mechanism is to incorporate blockchain protocols other than those present in IoC PROJECT during the CONTRIBUTION PERIOD, incentivise future development and innovation within the IoC PROJECT and the IoC PROTOCOL. Such inflation mechanism may lead to a dilution of a value, if any, and functionality of HYBRID TOKENS.

2.4.2.2 Amendment of Mechanism

However, after PROJECT COMPLETION, it may remain in the TOKENHOLDERS' discretion to amend the inflation mechanism as deployed by IoC-CC's chosen future governance system. IoC-CC will not warrant or assure that the TOKENHOLDERS will not affect the inflation mechanism of the IoC PROTOCOL as deployed by IoC-CC (and set forth herein).

2.5 Representations and Warranties of User

2.5.1.1 User Represents and Warrants

By transferring CRYPTOCURRENCY to the IoC ENVIRONMENT, User represents and warrants that:

- a) User abides by the laws of User's country and local jurisdiction;
- b) User has a deep understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens, smart contracts, and blockchain-based software;

- c) User has carefully reviewed the code of the IoC ENVIRONMENT located on the GitHub repository of IoC PROJECT at the online location <https://github.com/internetofcoins> and fully understands and accepts the functions implemented therein;
- d) User has carefully reviewed the content of this document and has understood and agrees with the terms and conditions contained herein;
- e) User is legally permitted to create, receive, hold and use HYBRID TOKENS in User's jurisdiction;
- f) User will contribute CRYPTOCURRENCY from a Wallet or Wallet service provider that technically supports the HYBRID TOKENS. User understands and accepts, that failure to assure this may have the result that User will not gain access to his or her HYBRID TOKENS;
- g) User is legally permitted to receive software and contribute to the IoC ENVIRONMENT for the development of the IoC PROJECT;
- h) User is of a sufficient age to legally create, receive, hold and use HYBRID TOKENS;
- i) User will take sole responsibility for any restrictions and risks associated with the creation, allocation, ownership and use of the HYBRID TOKENS as set forth below;
- j) User is not submitting CRYPTOCURRENCY to the IoC ENVIRONMENT to obtain HYBRID TOKENS for the purpose of speculative investment;
- k) User is not obtaining or using HYBRID TOKENS for any illegal purposes;
- l) User is obtaining HYBRID TOKENS primarily to enable and support the development, testing, deployment and operation of the IoC PROTOCOL and is aware of the commercial risks associated with User contribution;
- m) User understands that a part of the HYBRID TOKENS are pre-allocated for development testing and rewards;
- n) User waives the right to participate in a class action lawsuit or a classwide arbitration against any entity or individual involved with the IoC PROJECT and the contribution;
- o) User understands that the creation and ownership of HYBRID TOKENS does not involve the purchase of shares or security or equivalent rights or any right for receive future revenues shares or any other form of participation in or relating to the IoC PROJECT and/or the IoC PROTOCOL and/or IoC-CC;
- p) or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;
- q) User understands that the transfer of CRYPTOCURRENCY to the IoC ENVIRONMENT, the creation, allocation, ownership and use of HYBRID TOKENS and the development of the IoC PROJECT carries significant financial, regulatory and reputational risks as further set forth in this document;

- r) User understands and expressly accepts that there is no warranty whatsoever on HYBRID TOKENS, the IoC ENVIRONMENT and/or the success of the IoC PROJECT, expressed or implied, to the extent permitted by law, and that the IoC ENVIRONMENT is used and HYBRID TOKENS are created and obtained at Users sole risk on an “as is” and “under development” basis and without, to the extent permitted by law, any warranties of any kind, including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose;
- s) User understands that User other than set forth in the Terms, has no right against any other party to request any refund of the CRYPTOCURRENCY submitted to the IoC ENVIRONMENT under any circumstance;
- t) User understands that HYBRID TOKENS are not designed to form any form of currency, that no market liquidity may be guaranteed and that the value of HYBRID TOKENS over time, if any, may experience extreme volatility or depreciate in full;
- u) User understands that the User bears the sole responsibility to determine if the User’s contribution to the IoC ENVIRONMENT for the development of the IoC PROJECT, the transfer of CRYPTOCURRENCY to the IoC ENVIRONMENT, the creation, allocation, ownership and use of HYBRID TOKENS, the potential appreciation or depreciation in the value of HYBRID TOKENS over time (if any), the sale and purchase of HYBRID TOKENS and/or any other action or transaction related to the IoC PROJECT have tax implications for User; by creating, receiving, holding or using HYBRID TOKENS, and to the extent permitted by law, User agrees not to hold any third party (including developers, IoC-CC, NLnet, the founders, early contributors and IoC-CC’s employees, officers, contractors of IoC-CC, etc.) liable for any tax liability associated with or arising from the creation, allocation, ownership or use of HYBRID TOKENS or any other action or transaction related to the IoC PROJECT.

2.5.1.2 *Loss of Password*

User’s Loss of the PASSWORD of the CRYPTOCURRENCY ACCOUNT used to contribute will cause the Loss of the associated HYBRID TOKENS.

2.5.1.3 *Private Keys*

The User understands that if the PASSWORD and the private key is lost, the User will not be able to generate a new PASSWORD or recover his or her private keys. The User accepts that the loss of the PASSWORD and/or the private key will cause the permanent loss of the created HYBRID TOKENS.

2.5.1.4 *Unauthorized Access*

Unauthorized access by any party to a User’s CONTRIBUTION PASSWORD along with access to the downloaded wallet, will enable that unauthorized party to access the created HYBRID TOKENS and the HYBRID TOKENS will be lost.

2.5.1.5 Liability

By creating, receiving, holding and using HYBRID TOKENS, and to the extent permitted by applicable law, the User agrees not to hold any of IoC-CC's parties, developer, or IoC-CC itself liable for any losses arising out of, or in any way connected to, User's failure to properly secure and keep private the CONTRIBUTION PASSWORD and/or the private key.

2.6 Risks Associated with the Creation, Allocation, Ownership and Use of HYBRID TOKENS

2.6.1 General Risks

The User understands and accepts the risks in connection with transferring CRYPTOCURRENCY to the IoC ENVIRONMENT and creating, receiving, holding and using HYBRID TOKENS as exemplary set forth above and hereinafter. In particular, but not limited to, the User understands the inherent risks listed hereinafter.

2.6.1.1 Risk of Project Failure due to a Diminishment in the Value of the CRYPTOCURRENCY

All Users acquiring HYBRID TOKENS are transferring CRYPTOCURRENCY to the IoC ENVIRONMENT. The CRYPTOCURRENCY will be assigned to NLnet to cover the future costs arising in connection with the development of the IoC PROTOCOL. In the past, the value of CRYPTOCURRENCY has been very volatile. The User understands and accepts that it is possible that the value of CRYPTOCURRENCY will drop significantly in the future, depriving IoC-CC of sufficient financial resources to continue to operate and continue to further develop the IoC PROJECT.

2.6.1.2 Risk of Losing Access to HYBRID TOKENS

As noted above, HYBRID TOKENS will be stored in a wallet, which can only be accessed with the CONTRIBUTION PASSWORD and a private key. The User understands and accepts that if his CONTRIBUTION PASSWORD respectively his private key got lost or stolen, the obtained Token associated with the User's wallet or CONTRIBUTION PASSWORD will be unrecoverable and will be permanently lost.

2.6.1.3 Risk of Unauthorized Access to a Downloaded Wallet

Any third party that gains access to the User's Contribution Email will be able to download the wallet file and potentially access the wallet by deciphering or cracking the User's CONTRIBUTION PASSWORD.

2.6.1.4 Risk of Regulatory Action in One or More Jurisdictions

Cryptocurrencies have been the subject of regulatory scrutiny by various regulatory bodies around the globe. The User understands and accepts that the blockchain technology allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to the current setup of the Smart Contract and which may, inter alia, impede or limit the development of the IoC PROJECT, resulting in substantial modifications of the IoC PROJECT, including its termination and the loss of HYBRID TOKENS for the User. Through the continued acquisition of technology grants and research funding, the Internet of Coins team (IoC-CC) intends to mitigate this risk.

2.6.1.5 Risk of Alternative, Unofficial IoC PROJECT Networks

Following the launch, and the development of the initial version of the IoC PROJECT and User clients it is possible that alternative unofficial networks could be established, which utilize the same open source code and open source protocol underlying the IoC PROJECT. The official IoC PROJECT may compete with these alternative, unofficial networks, which could potentially negatively impact the IoC PROJECT and HYBRID TOKENS. The Internet of Coins team (IoC-CC) welcomes any fork to develop and share more best practices in the cryptosphere.

2.6.1.6 Risk of Insufficient Interest in IoC-CC or Distributed Applications

The User understands and accepts that It is possible that the IoC PROTOCOL will not be used by a large number of external businesses, individuals, and other organizations and that there will be limited public interest in the creation and development of distributed applications. Such a lack of interest could impact the development of the IoC PROTOCOL and potential uses of HYBRID TOKENS. Therefore, the development of the IoC PROTOCOL may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success, success of competitors or lack of prospects. The User therefore understands that there is no assurance that, even if the IoC PROTOCOL is partially or fully developed and launched, the transfer of CRYPTOCURRENCY to the IoC ENVIRONMENT and the creation, allocation, ownership and use of HYBRID TOKENS carries significant financial risks, including the complete loss of the contributed CRYPTOCURRENCY or the loss of any value or functionality of created HYBRID TOKENS.

2.6.1.7 Risk that the Development Results will not Meet the Expectations of User

The User recognizes that the IoC PROTOCOL is presently under development and may undergo significant changes before release. User acknowledges that his expectations regarding the form and functionality of the IoC PROTOCOL may not be met upon release of the IoC PROTOCOL, for any number of reasons including a change in the design and implementation plans and execution of the implementation of the IoC PROTOCOL. The Internet of Coins team (IoC-CC) uses the published official Roadmap as its guideline.

2.6.1.8 Risk that the IoC Project may Never be Completed or Released

User understands that while the Developer will make reasonable efforts to complete the IoC PROJECT, it is however possible that an official completed version of the IoC PROTOCOL may not be released and there may never be an operational IoC PROTOCOL.

2.6.1.9 Risk of Theft

User understands and accepts that the IoC ENVIRONMENT, the IoC PROTOCOL and the underlying blockchain technology may be exposed to attacks by hackers or other individuals that that could result in theft or loss of HYBRID TOKENS or CRYPTOCURRENCY, impacting the ability to develop the IoC PROJECT.

2.6.1.10 Risk of Security Weaknesses in the Core Infrastructure Software

The IoC PROTOCOL is built on open-source software, and there is a risk that the developer, or other third parties not directly affiliated with IoC-CC, may introduce weaknesses or bugs into the core infrastructural elements of the IoC PROTOCOL causing the system to lose TOKENS stored in one or more User wallets or other wallets or lose sums of other valued HYBRID TOKENS issued on the IoC PROTOCOL.

2.6.1.11 Risk of Interruption or Error

Developer has taken steps to build, maintain, and secure the infrastructure of IoC-CC, and will continue to do so after the Launch. For example, IoC-CC intends to hire external consultants on a periodic basis to assess and audit the security of the IoC PROTOCOL and will work with cryptography and security experts to develop and employ best practices to audit the IoC PROTOCOL. Despite these measures, the User understands and accepts that the smart-contract concept, the underlying software application and software portal are still in an early development stage and unproven, why there is no warranty that the process of creating, receiving, holding, using and storing HYBRID TOKENS will be uninterrupted or error-free and why there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of CRYPTOCURRENCY and/or HYBRID TOKENS. To mitigate this risk, the Internet of Coins team (IoC-CC) aims to have the IoC PROTOCOL audited by independent EU institution FOSSA.

2.6.1.12 Risk of Weaknesses or Exploitable Breakthroughs in the Field of Cryptography

Although IoC-CC will continuously strive to maintain best practice in the field of Cryptography, there remains a risk that the state of the art can be overhauled over time due to advances in code cracking, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies, the IoC PROTOCOL and/or the underlying network, which could result in the theft or loss of HYBRID TOKENS.

2.6.2 Risk of HYBRID TOKEN Mining Attacks

2.6.2.1 Susceptibility

As with other cryptocurrencies, the blockchain used for the IoC PROTOCOL may be susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks. Any successful attacks present a risk to the IoC PROTOCOL, expected proper execution and sequencing of HYBRID TOKEN transactions, and expected proper execution and sequencing of contract computations.

2.6.2.2 Successful Attacks

User understands and accepts that despite the efforts of the developer, known or novel mining attacks may be successful, resulting in the loss of HYBRID TOKENS and/or CRYPTOCURRENCY.

2.6.3 Risk of Volatile Crypto Currencies

User understands and accepts that an instability in the demand for CRYPTOCURRENCY and/or HYBRID TOKENS could arise, leading to oscillations and instability in the respective values as denominated in currencies that HYBRID TOKEN-based businesses use to pay operating costs. This could result in the IoC PROJECT being unable to continue to operate economically, which would represent losses to businesses or worst case, cause business to cease operations. Through the continued acquisition of technology grants and research funding, the Internet of Coins team (IoC-CC) intends to mitigate this risk.

2.6.4 Risk of Rapid Adoption and Insufficiency of Computational Application Processing Power on IoC-CC Network

2.6.4.1 *Outpaced Because of Demand*

If the IoC PROTOCOL is rapidly adopted, the demand for transaction processing and distributed application computations could rise dramatically and at a pace that exceeds the rate with which HYBRID TOKEN miners can bring online additional mining power. Under such a scenario, the entire IoC PROTOCOL could become destabilized, due to the increased cost of running distributed applications. In turn, this could dampen interest in the IoC-CC PROJECT and HYBRID TOKENS.

2.6.4.2 *Insufficient Computational Resources*

Insufficiency of computational resources and an associated rise in the price of HYBRID TOKENS could result in businesses being unable to acquire scarce computational resources to run their distributed applications. This would represent revenue losses to businesses or worst case, cause businesses to cease operations because such operations have become uneconomical due to distortions in the crypto-economy.

2.7 Taxation of HYBRID TOKENS and Taxation Related to the Launch

2.7.1.1 *No Representations Concerning Tax Implications*

IoC-CC makes no representations concerning the tax implications of the creation, allocation, ownership or use of HYBRID TOKENS. The User bears the sole responsibility to determine if the User's contribution to the IoC ENVIRONMENT for the development of the IoC PROJECT, the transfer of CRYPTOCURRENCY to the IoC ENVIRONMENT, the creation, allocation, ownership and use of HYBRID TOKENS, the potential appreciation or depreciation in the value of HYBRID TOKENS over time (if any), the sale and purchase of HYBRID TOKENS and/or any other action or transaction related to the IoC PROJECT has tax implications for the User.

2.7.1.2 *Liability*

By creating, receiving, holding or using HYBRID TOKENS, and to the extent permitted by law, the User agrees not to hold any third party (including developers, IoC-CC, NLnet, the founders, early contributors and IoC-CC's employees, officers, contractors of IoC-CC, etc.) liable for any tax liability associated with or arising from the creation, allocation, ownership or use of HYBRID TOKENS or any other action or transaction related to the IoC PROJECT.

2.8 Disclaimer

2.8.1.1 *Sole Risk*

The User expressly agrees that he/she/it is creating, receiving, holding and using HYBRID TOKENS at their sole risk and that HYBRID TOKENS are provided on an "as is" basis without warranties of any kind, including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose.

2.8.1.2 No Warrant

Without limiting the foregoing, neither IoC-CC nor any other person, entity and/or affiliates involved with the deployment of the IoC ENVIRONMENT and the setting up of IoC-CC and/or the IoC PROTOCOL can warrant that the process for creating, receiving, holding and using HYBRID TOKENS will be uninterrupted or error-free.

2.9 Waiver of Liability

2.9.1.1 Disclaimer of Liability

The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the disclaimers of liability contained herein apply to any and all damages whatsoever caused by or related to use of, or inability to use, TOKEN or the IoC PROTOCOL under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence). User acknowledges and agrees that neither IoC-CC (including IoC-CC's founders, officers, directors, agents, joint ventures, employees, advisors and suppliers), nor any other person, entity and/or affiliates involved with the deployment of the SMART-CONTRACT SYSTEM and the setting up of IoC-CC and/or the IoC PROTOCOL, nor any developer, subcontractor or founder of IoC-CC shall be liable for any damages, including direct or indirect, incidental, special, exemplary or consequential damages, including for loss of profits, goodwill or data, in any way whatsoever arising out of the use of, or inability to use, or creation of, or inability to create, HYBRID TOKENS.

2.9.1.2 Liability Rests With The User

The User further specifically acknowledges that neither IoC-CC (including IoC-CC's officers, directors, agents, joint ventures, employees, advisors and suppliers), nor any other person, entity and/or affiliates involved with the deployment of the IoC ENVIRONMENT and the setting up of IoC-CC and/or the IoC PROTOCOL, the developers, subcontractors or founders of IoC-CC are liable, and the User agrees not to seek to hold any of the them liable, for the conduct of third parties, including other Users of HYBRID TOKENS, and that the risk of creating, receiving, holding and using HYBRID TOKENS rests entirely with the User.

2.9.1.3 User Shall Not Hold Liable

The User further agrees not to hold liable IoC-CC (including IoC-CC's founders, officers, directors, agents, joint ventures, employees, advisors and suppliers), nor any other person, entity and/or affiliates involved with the deployment of the IoC PROJECT and the setting up of IoC-CC and/or the IoC PROTOCOL, nor any developer, subcontractor or founder of IoC-CC for any regulatory implications or liability associated with or arising from the creation, allocation, ownership or use of HYBRID TOKENS or any other action or transaction related to the SMART CONTRACT or the IoC PROTOCOL.

3 Miscellaneous

3.1 Launch Location

The Launch of the IoC ENVIRONMENT is located in The Netherlands. Consequently, the creation and allocation of HYBRID TOKENS and the assignment of the development of the IoC PROTOCOL to IoC-CC are considered to be executed in The Netherlands.

3.2 Applicable Law

The applicable law is Dutch law.

3.3 Dispute Resolution

Any dispute arising out of or in connection with the creation of the HYBRID TOKENS and the development of the IoC PROJECT shall be finally settled by the courts of the Netherlands.

3.4 Complete Distribution Governance Terms

These Terms along with IoC ENVIRONMENT, sets forth the entire understanding of each User with respect to the crowdfund and the distribution of HYBRID TOKENS.

3.5 Terms Defining Facts

For facts relating to the crowdfund and token distribution, the User agrees to rely only on these Terms and the IoC ENVIRONMENT in determining funding decisions and understands that these Terms and the IoC ENVIRONMENT govern the creation and allocation of HYBRID TOKENS and supersede any public statements about the Launch made by third parties or by IoC-CC, the IoC Team or individuals associated with IoC-CC or the IoC Team, past and present and during the Launch.

3.6 Severability

The User and IoC-CC agree that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

3.7 Updates to the Terms

IoC-CC reserves the right, at its sole discretion, to change, modify, add, or remove portions of the Terms at any time during the contribution by posting the amended Terms on the website. Any User will be deemed to have accepted such changes by creating, receiving, holding or using HYBRID TOKENS.

3.8 Non Agreement

If at any point User does not agree to any portion of the then-current version of the Terms, User should not create, receive, hold or use HYBRID TOKENS.

3.9 Governance

To the extent these Terms conflict with the IoC ENVIRONMENT, the IoC ENVIRONMENT shall govern.