

# AMA Session #5

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**Q:**

Hi there... as we were finalizing our proposal, we were left with some questions... We're wondering if we can ask them now if it's ok... Trying to finish this before I leave for vacation.

**A:**

Sure. Please go ahead.  
We are here to assist you.

**Q:**

Ok, well, we had some clarifying questions we wanted to ask

**A:**

We are listening

**Q:**

Regarding the following clause:

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## **Token Sale and Purchase Agreement**

Section 2) notwithstanding, the SAR could be diluted by the occurrence of a single event; the issuance of new stock shares of TBB.

a.) issuance of new stock shares is also a triggering event (section #4)

Section 3) In the event of TBB's IPO, TBB shall have a right to repurchase Participant's Tokens and the corresponding SAR at Tokens' Nominal Value equal to the Tokens' purchase price during Token Sale in USD based on BTC to USD BitcoinAverage exchange rate at the time of the Token Sale closing.

a) IPO is also a triggering event (section #4)

Section 3) "When TBB deems the time is appropriate to start paying dividends"

a) This needs to be clarified because they list triggering events in section 4, but also implying they decide when it is appropriate

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We have the following Q's:

**Q:**

1) Are the SAR's tied to any future revenues other than triggering events where dividends may be issued?

**A:**

The SAR has designed to mimic real shares as much as possible.

So, the SAR holder will be eligible for a dividend whenever a real shareholder is so.

However, SAR holders are also eligible for dividend payments in the time of IPO or any other triggering event, due to the nature of the stock appreciation rights.

**Q:**

OK. So, the IPO is something that leads into the next question.

How is nominal value defined in section 3? How it reads is that the TBBSAR can be bought back at the time of the IPO for what investors initially paid for them. What's the point of purchasing TBBSAR if it's

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possible that you all can immediately do an IPO and buy back the TBBSAR at the price that early investors paid for them?

**A:**

I will explain this by way of an example

Let's say the nominal value, which is also the price the early investor pays, is \$100

Then, when the IPO -or any other triggering event- happens, the price per share becomes \$120

The Agreement says that:

- The additional \$20 will be paid to the token holder
- The token itself is to be bought by TBB at the price of \$100

Due to some legal hurdles, we couldn't say that "TBB will be buying it back at \$120"

**Q:**

But the clause states "Tokens' Nominal Value equal to the Tokens' purchase price during Token Sale"

**A:**

So our legal counsel has divided it into two

\$100 + \$20

Yes, for instance, if you pay 0.05 BTC, it is 0.05 BTC

And indeed, we should take the USD equivalent of it

By using BitcoinAverage

So it makes something like 45 USD

And let's say its price is 50 USD when a triggering event happens. Then it means 5 USD is payable to the token holder in BTC

**Q:**

OK. So IPO event happens, which triggers the new nominal value of the SAR, price difference is paid, and there is the option for buyback at original price.

**A:**

Yes

**Q:**

How it reads is that the IPO event happens, there could be no change in the nominal value of the sar and then we just get what we paid for originally back.

**A:**

And this is to comply with some possible strange legal situations specific to IPOs

The nominal value doesn't change. "The new nominal value" doesn't sound pretty right.

**Q:**

Nominal value changes, as per the definition, under triggering events.

**A:**

Its value might change, but not nominal value

Am I wrong? Maybe I need to check it again

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The questioners wished to have their handles removed.

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**Q:**

Especially if the nominal value is in USD... this means, if BTC hits \$2k, you guys can buy back the "minimal value" at half price

**Q:**

Ok, that's right, there was the definition of 'value' of TBB stock price itself  
Since the price is denominated in USD

**A:**

TBB's value will not be tied to any cryptocurrency. So calculating it based on USD looks the most plausible way.

**Q:**

Especially if the nominal value is in USD... this means, if BTC hits \$2k, you guys can buy back the "minimal value" at half price

For instance, you may also consider a situation where BTC price goes to \$125

This would not affect TBB either

Yes, so when is the cut off to consider something at USD price? At the time of transfer or at the end of ICO?

**A:**

At the end of the ICO, according to the Agreement, if I'm not wrong

This is to homogenize the price

**Q:**

Ok, continuing, unless we have further clarification on that?

**A:**

I'm being pleased as we clarify things. Go ahead

**Q:**

Great

Shall we continue on the question list or are you satisfied with the last one regarding the IPO and buyback?

**Q:**

I'm good on that for now

**Q:**

What are the projected revenue sources and when on the roadmap will these be realized?

**A:**

As being a straight through brokerage, each trade will cost a commission payable by the trader. A part of the commission, as you know, goes to the TBB token holder (not SAR), and a part of it goes to our Liquidity Providers, while there still remains a part which goes to TBB.

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As being a money transfer agent, again, each transaction will cost a commission, a part of which will go to TBB.

As being a crowdfunding facilitator, TBB will have a portion of the raised funds, in addition to which it would be considerable to cut a consultancy fee, depending on the type of help TBB gives to the project which is to raise funds on TBB.

As being a technology provider, TBB itself will hold a portion of the TBB tokens, which may grow in value.

Additionally, managed accounts, fixed-income instruments that TBB itself offers, and similar services which many full-service brokerage firms offer are on our list.

Those revenue streams should be effective as the licensing procedures are completed.

**Q:**

Ok, just for clarity - are SAR's entitled to a % of any of the above revenues?

**A:**

Yes, that's all SAR are about.

However much TBB itself earns, the SAR holders will be eligible for a portion of that earning to be paid in proportion to the amount of SAR the token holder has.

**Q:**

Ok just wanted to make sure it wasn't limited to what are defined as triggering events in the agreement

That is a triggering event

The increase of capital of TBB

**A:**

You got it

**Q:**

Ok perfect, thanks

What is the funding target for the ICO? To which if not met, the failure clause kicks in. A clear definition of failure needs to be defined.

But before that ... sorry, one other one i missed

Is there a limit to what TBB decides can or will be bought back from initial TBBSAR investors? In other words do we have a choice, or what if we do not want to be bought out?

(Related to IPO)

**A:**

It will eventually depend on the jurisdiction that TBB will offer its share to public.

Sometimes, having anonymous equity interests might be tricky when offering shares to public.

In such a case, TBB would have to buy all of them back.

**Q:**

And it's possible that buy back could be at "face value" of what we paid?

**A:**

That being said, TBB cares one thing and nothing else

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And that one thing is the benefit of its investors.

Or one may put it as "its share values"

So, we would like to give as much as we can, and as much as the laws allow us

However, with good faith, we can also assure you that, even in the case of a total buy back, we will be thinking of some ways for you to have that same interest in the company after IPO

We cannot guarantee you that on a contractual basis. But this is how our vision dictates us to do!

Yes

**Q:**

And it's possible that buy back could be at "face value" of what we paid?

The minimum funding target for the ICO will be US\$1 million

What is the funding target for the ICO? To which if not met, the failure clause kicks in. A clear definition of failure needs to be defined.

**A:**

Does that answer your question?

**Q:**

Yes, sorry, getting the next ones

What is the implied company valuation? With SARs representing 5% of the total company stock and at 250 BTC for the total SAR tokens at .05, that is 5000 BTC or ~ 4.5 million. What are other metrics you are using for this calculation?

**A:**

I guess it will not be too far away from 4.5mm

**Q:**

Sure. It just seems like an arbitrary number (only from our perspective as we haven't seen projections, etc.). It just seems like a number was chosen for the price of the TBBSAR tokens on OL and then you can extrapolate the values from there. Wondering how you reverse engineered that price valuation on your end.

**A:**

We included various factors that I can summarize here

**Q:**

Great!

**A:**

So firstly, we needed to derive valuation of the asset. Considering this is a company that is yet not earning revenue, we had to provide what is known as historic evaluation of a business of this scale. Valuation is based on a few key criteria; one is expected cash flow, riskiness of the cash flow and the life of the asset ...

Expected growth was similarly calculated, depending on the reinvestment rate, and approximate return on capital invested

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Cash flow valuation is generally used for brokerage type of business depending on the level of risk taking and we came to an approximate valuation based on these criteria

We obviously encounter the unknown areas no comparative data historically for the dEx side of the business

And we have taken a pessimistic estimate based on an average of underperforming decentralized exchanges

So essentially for the brokerage side of the business, we are confident the beta is pretty close to what you can achieve using comparative data from other brokerage business using similar performance objectives

**Q:**

OK great. Thanks.

What marketing types of campaigns are you looking at doing?

**A:**

We are inclined to think that viral marketing techniques yield better results.

We will have 1 month for viral community building and hype creating operations