Finschia

Blockchain for All

Roadmap

Important Notes

Important Notice

FINSCHIA digital tokens (hereinafter referred to as "FINSCHIA" with the ticker symbol FNSA) are not intended to constitute a regulated product such as securities, fiat tokens or e-money, accepted virtual assets or specified investments each as defined under the Financial Services and Markets Regulations 2015 of the Abu Dhabi Global Market (the "FSMR"), or its equivalent or any other regulated products in any jurisdiction.

FINSCHIA does not entitle you to any ownership or any other interest in the Finschia Foundation (the "Foundation") and/or any of its affiliated entities or companies (together, the "Finschia Foundation Group").

The Foundation is presently not required to be licensed by the Financial Services Regulatory Authority ("FSRA") of Abu Dhabi Global Market ("ADGM") as FINSCHIA does not constitute a regulated product in the ADGM. The Foundation does not provide any regulated services nor carry on any regulated activities in the ADGM or in any jurisdiction.

Please note that you may not be able to recover any monies paid for FINSCHIA in the event that the FINSCHIA Token Economy fails to materialize or where the vision or objects of the Foundation fails.

This Whitepaper is meant to provide more information on the FINSCHIA Token Economy and functions of FINSCHIA, and does not constitute a prospectus or offer document of any sort.

This Whitepaper does not constitute or form part of any opinion or any advice to sell, or any recommendation or solicitation of any offer to purchase FINSCHIA nor shall it or any part of it or the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of FINSCHIA and no digital tokens or other form of payment is to be accepted on the basis of this Whitepaper.

Any agreement between the Foundation and you as a recipient or purchaser, and in relation to any airdrop, sale or purchase of FINSCHIA is to be governed by a separate document setting out the terms and conditions (the "T&Cs") of such agreement. In the event of any inconsistencies between the T&Cs and this Whitepaper, the T&Cs shall prevail. Your eligibility to receive, purchase or sell FINSCHIA on any digital token trading platform or exchange, including the Bithumb, Huobi Global, MEXC, Gateio and BITMAX exchange, is subject to your compliance with their respective terms and conditions.

No regulatory authority has approved any of the information set out in this Whitepaper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this Whitepaper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

This Whitepaper, any part thereof and any copy thereof must not be taken or transmitted to any country where distribution or dissemination of this Whitepaper is prohibited or restricted.

No part of this Whitepaper is to be reproduced, distributed or disseminated without including this section and the section titled "IMPORTANT NOTES" at the back of this Whitepaper.

PLEASE READ THE SECTION TITLED "IMPORTANT NOTES" AT THE BACK OF THIS WHITEPAPER VERY CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).

Finschia,
the Path to the Mass Adoption of Web3

The advent of blockchain technology opened the era of Web3, providing users with data transparency and ownership. Finschia will open up a new horizon in the blockchain industry and ecosystem through the mass adoption of Web3 based on its unique technology and user-friendly characteristics.

With the birth of the World Wide Web (WWW) in the early 1990s, the era of web portals, called Web1, began. At the time, the web had a one-way structure where a small number of content creators provided information to a large number of users. Therefore, user activities were limited to searching static data uploaded to the Internet. As such, most early users utilized Web1 in a simple consumption form (read-only). Entering the 2000s, more companies began to provide Web2-type platforms, such as Facebook and YouTube, that allowed users to participate by creating and consuming (read & write) content and communicating with other users. Although Web2 brought a fundamental change in allowing users to share their perspectives through a variety of platforms, the limited scope of user's rights remained an issue because the ownership of the content that a user created belonged to the platform providers.

At the end of October 2008, when the global financial crisis triggered by the bankruptcy of Lehman Brothers was engulfing the world in fear, a person going by the name of Satoshi Nakamoto published a white paper titled "A Peer-to-Peer Electronic Cash System," which introduced a distributed digital ledger technology that works as the basis of blockchain technology. Through services incorporating blockchain technology, users can ensure full ownership of the content they create without intermediaries such as the platforms. With that, we stepped into the era of Web3. Applying blockchain technology to the existing Web2 industry has increased decentralization, security, and transparency leading to the creation of new value, but blockchain technology has yet to reach a stage where the public can fully experience it.

Finschia not only advances the core blockchain technology in areas such as scalability, compatibility, and interoperability, but also focuses more on users to conveniently trade, store, and use their tokens. Through this, Finschia expects to create a blockchain that the public can easily

understand and use and a blockchain ecosystem that grows with its users. However, many people are still unfamiliar with the concept and potential benefits of blockchain technology. It is even difficult to recognize the value of using blockchain technology. Thus, in the process of building the ecosystem, the Finschia plans to naturally integrate the familiarity and convenience of Web2 with blockchain technology. Finschia will also work to open up the token economy so it grows organically grows with the blockchain ecosystem, allowing everyone to conveniently experience service-oriented blockchain in everyday life without concern for security.

A blockchain network that can be expanded through the interchain*, Finschia converges with existing Web2 platforms to operate as infrastructure for numerous services, thus expanding the ecosystem. This then compensates those who contribute to profit creation, expecting the virtuous cycle of the token economy. FINSCHIA tokens are rewarded to those who contribute to both the network and the service. Finschia will seamlessly blend in with the public by allowing users around the world to easily experience the blockchain technology through login via social media used in daily life, a user-friendly UX, and partnerships with payment providers. Under the slogan of "Blockchain for All," we aim to create a blockchain network that everyone can easily participate in, operated in a service-oriented way instead of an investor-oriented one, and to provide an uncomplicated infrastructure that will lead to the mass adoption of Web3.

* The communication and interoperability between different blockchain networks.

Challenges for Blockchain Mass Adoption

Since the appearance of smart contracts in 2016, blockchain-technology-based projects have proliferated into a rapidly growing cryptocurrency market. However, even though 10 years have passed since the advent of distributed ledger technology, the purpose of cryptocurrencies issued through blockchain technology has been limited to investment, and the technology is not widely used in everyday life. The factors that make it difficult to achieve mass adoption in spite of the practicality of cryptocurrency can be analyzed as follows.

Poor User Experience

Compared to the past, public awareness of blockchain technology has increased significantly worldwide. Most people have come across the word "Bitcoin" at least once in the media. Cryptocurrency, issued based on blockchain technology,is a compound word of "crypto," meaning encryption, and "currency," meaning money, and users can own cryptocurrency as a private asset. Paradoxically, being a self-controlled asset has resulted in a very poor user experience (UX). User experience design should focus on the user needs, but blockchain technology has placed a burden on the user as it focuses more on the technology. For example, to manage a private wallet for the safe usage and storage of cryptocurrency, users have to understand the concept of "private keys" and safely store them. Even just creating a private wallet is difficult without basic knowledge of blockchain technology. Although blockchain technology is receiving great public interest, there are obstacles to mass adoption such as network complexity due to the existance of a variety of mainnets, high transaction fees, complex stablecoin swaps for cryptocurrency transactions, and difficult bridge usage methods. Also, the numerous dApps that have appeared mainly provide services on the blockchain focused on blockchain technology andhave been developed from the supplier's point of view, neglecting user convenience. As such, the current blockchain industry can be seen as falling into a "knowledge trap." In current dApps users need to study and understand the basic operational principles of the blockchain, but future dApps should move towards a level where they can be used due tointerest in the service, regardless of the user's level of

understanding of the technology. If blockchain technology provides an intuitive and convenient user experience and service that goes beyond the technical efficiency of traditional finance and other industries, it will accelerate the mass adoption of the blockchain.

Investor-Oriented Market Formation

In the early 1990s, the World Wide Web emerged, and personal computers (PCs) became prevalent, opening the Information Age. The boom led to remarkable development in the internet industry. Numerous new IT-related companies were established, and many investors invested large sums of money in "dot com" (.com) companies, believing them to be the future of technology without much understanding. This resulted in the "dot-com bubble" crisis. Similarly, in 2009, nascent blockchain technology, known as Web3 technology, and the cryptocurrency investments issued based on this technology attracted significant attention worldwide. A method of selling tokens via ICO (Initial Coin Offering) and IEO (Initial Exchange Offering) also arose as a new and convenient means of funding, and numerous entrepreneurs came into the business. After that, the prices of cryptocurrency rose sharply in a similar trend to the dot-com bubble, and the market was subject to great volatility. The current market is being operated around investors seeking profits through monetary investment in Wunderkind projects, rather than focusing on the actual value of the token and expansion of the ecosystem. Even companies or foundations leading cryptocurrency projects have encouraged token sales by increasing the discount rate of the initially issued tokens so that greater profit is returned to the initial investors to secure as much investment as possible. Many projects that secured huge funding in the early stages became neglectful in terms of project management and ecosystem operation and distanced themselves from product development and management of their users. There werealso concerns that the leveraged market has swelled with blockchain-based DeFi platforms and futures exchanges that have few actual users. The situation reached a point where those who actually contribute to the ecosystem by using token and blockchain-based dApps started to become alienated.

Vague Token Economy

"Token economy" refers to a set of rules defining an economic system that utilizes blockchain-based tokens or coins. In this designed economic system, participants receive fair rewards for their contributions to the ecosystem, and the value of those rewards leads to the vitalization of the token economy. Since blockchain projects are formed by participants, the reward system should be structured elaborately and transparently in order to to develop and encourage ongoing active participation. Many blockchain projects, however, issued and sold tokens before the product was launched, paying overwhelming compensation to early miners or investors. This resulted in a market price imbalance and a bias in the token economy of those projects. In many cases, reservesallocated to revitalize the ecosystem, operations, or development of a project did not significantly impact the project's growth because the purpose and size of allocations were not disclosed or transparent. Demand for blockchain base coins has also been diluted as numerous dApps have issued tokens and required their use in their respective services, but were unable to support the growth of the ecosystem. There still are numerous mainnet and dApp tokens. Although there have been many attempts to connect different ecosystems, user convenience hasn't yet been significantly improved, making it difficult to acquire users.

Token Economy 2.0

Ecosystem Principles

Finschia has begun to implement a blockchain platform for people around the world to use conveniently. To do so, a stable and sustainable token economy must be built by solving the problems mentioned previously: issues related to investor-oriented ecosystems, a vague token economy, and token usage experience inconsiderate of actual users. Finschia aims to create a blockchain-based ecosystem for everyone that can be naturally experienced in daily life through the following three principles.

1) Rewards for Contributors

The Internet industry, centered on service providers, faced tumultuous times with the advent of an advertising system that allowed services to be used free of charge. The emergence of blockchain and cryptocurrency has allowed users to not only use services free of charge, but to also directly receive rewards for their contribution to a service's ecosystem. Finschia creates a structure where the ecosystem and participants can grow together by rewarding those who contribute to the ecosystem and create value. The value of a blockchain network ultimately depends on how many people trust and use it. In Finschia, the number of wallet addresses and FINSCHIA transactions and payments will form an "Internet of value."

For FINSCHIA to be widely used by general users, its wide usability within general services as well as on the blockchain platform is essential.

For this reason, in the Finschia Ecosystem, rewards are paid to the following contributors:

- Contributors such as validators and stake delegators who continuously generate and validate blocks to maintain network stability.
- Contributors that directly or indirectly increase the value of the network by generating transactions and payments (e.g., content purchases, e-commerce, game item transactions, etc.) on Finschia, such as service developers and users.

2) A Balanced Economic System

The Finschia Ecosystem avoids unbalanced monetary expansion due to tokens being distributed before securing demand. Unlike other platforms, it also avoids excessive token network effects by not creating a large reserve in advance through arbitrary manual issuance. The value of the amount raised by projects through token sales is irrelevant to their actual network value. The network valuation at the time of fund raising becomes collateral against the future value to be generated by the token project, because it disregards current network activity or value created by the network. Large-scale token distribution as a method of fund raising is the same as creating an ecosystem with massive future debt. Moreover, in an early market where it is relatively difficult to measure the value of a blockchain network, subsequent investors and users bear that risk, rather than the early institutional investors. Finschia has establishes and is advancing a FINSCHIA issuance and distribution policy based on network activity and the amount of FINSCHIA used (staking and payments). Since tokens are distributed according to network activity and growth without any artificial value expansion, the value of the network increases as the ecosystem grows. The growth of the Finschia Ecosystem solely depends on participants' contributions. As the demand from the ecosystem and participants grows, supply will expand to keep the economy balanced.

3) A Design for Everyone

In the Finschia Ecosystem, people worldwide can acquire Finschia value and rewards through contributions on the Internet without any initial capital. In the Finschia Ecosystem, everyone can easily acquire FINSCHIA as a reward by staking or making payments with FINSCHIA regardless of their nationality, capital, and the time zone of their preferred service, and those rewards can then be used to stake and make payments again. This simple yet intuitive contribution-based incentive model allows participants with different interests to naturally contribute directly or indirectly to increasing FINSCHIA value from a macro perspective. FINSCHIA also serves as the key currency for dApps in the ecosystem as well as the network, providing an integrated economic system and improved user experience, while also allowing currencies other than FINSCHIA to be used for transactions (payments) in dApps for user convenience. By supporting diverse payment methods,
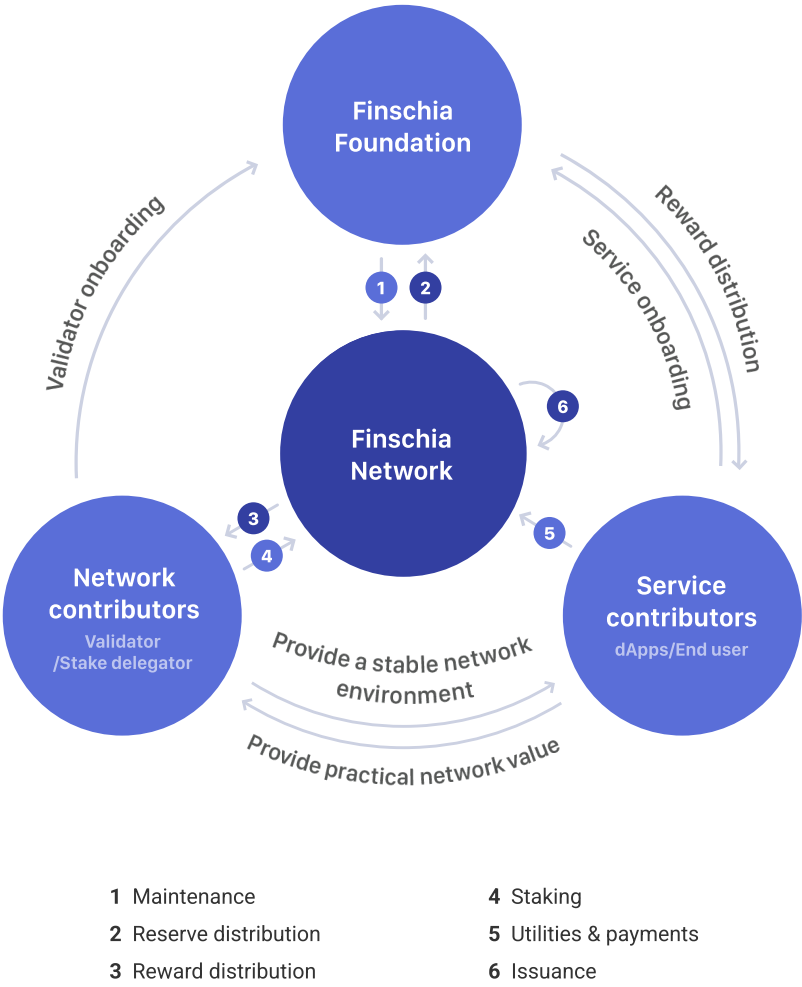
the FINSCHIA Token Economy expects to create an environment where more users can freely and directly contribute to the growth of Finschia. This enables the FINSCHIA Token Economy to provide convenience and autonomy to participants, ultimately allowing the network to grow continuously as a whole.

To make the above principles a reality, Finschia has introduced the following three key mechanisms for issuing and distributing native tokens.

1. Issuance: Native tokens are issued transparently by the chain protocol in proportion to the degree of activity of the Finschia Ecosystem.
2. Contribution assessment: The contribution of participants is justly quantified including on-chain data.
3. Distribution: Native tokens are distributed transparently to participants according to their contributions.

sage of FINSCHIA

FINSCHIA is the key currency of the ecosystem and can be acquired through predetermined contribution methods. FINSCHIA acquired this way can be used in numerous ways at the 1) network level or 2) service level.

1 Maintenance	**4** Staking
2 Reserve distribution	**5** Utilities & payments
3 Reward distribution	**6** Issuance

01) In the Network

Participants can use FINSCHIA to pay a fee when using Finschia, or to receive additional rewards through stake delegation.

• Transaction Fee Payment

Finschia may charge transaction fees for the use of the network, including creating transactions (transferring coins or data within a blockchain-based network, such as remittances, reward payments, Smart Contract uploads, etc.). The dApp or the user pays the fee with FINSCHIA according to the mainnet or onboarded dApp policy. Only a small fee will be required for a simple transfer, but a larger fee may be incurred in cases where a lot of computation power is required, for example when using a Smart Contract. Detailed fee policies may differ for each dApp.

• Stake Delegation

Users possessing FINSCHIA can contribute to block generation and validation by staking FINSCHIA to validators of their choice. In return, users receive network contribution rewards. The higher the staking amount, the higher the network contribution rewards. Detailed staking policies may vary by the validator. Staked FINSCHIA cannot be transferred to another account. When withdrawing staked FINSCHIA, it takes a set amount of time for the release of staked funds (undelegation) to occur.

Transaction Fees
Payment of transaction fees on Finschia

Staking
Earn network contribution rewards through token staking

02) In the Service

When using dApps within the Finschia Ecosystem, users earn service contribution rewards according to the internal reward policy of the dApp and their level of contribution. FINSCHIA can be used for a variety of purposes, such as B2C or C2C transactions (e.g., content purchase, e-commerce, person-to-person remittance, game item transactions, exchange for other cryptocurrencies, etc.).

Content
Payment for music, videos, webtoons, and fiction

Commerce
Payment for products/services, discount benefits, and payback

Social
In-app payment systems and wire transfers between individuals

Gaming
In-game trading and character improvements

Exchange
Payment of commissions, fee discounts, and digital token trading

Ecosystem Contributors

The core contributors to the Finschia Ecosystem are network contributors, services contributors, and the foundation. Each of them is responsible for the following.

- Network contributors ensure network stability by generating and verifying blocks.
- Service contributors improve the network value by providing services utilizing the Finschia or making transactions and payments of content, game items, etc.

- The foundation is responsible for the vitalization of the Finschia Ecosystem and the stable operation of Token Economy 2.0.

01) Network Contributors

Network contributors are entities responsible for generating and verifying blocks on Finschia. Broadly, these contributors can be divided into validators, who directly participate in network operation, and stake delegators, who indirectly contribute to the network by staking (delegating) FINSCHIA to validators. Other than generating and verifying blocks, validators can participate in setting key policies and influence the direction of the chain through an on-chain decision-making system (on-chain governance). Users who possess FINSCHIA can become stake delegators by delegating their share to a validator of their choice.

02) Service Contributors

Service contributors voluntarily participate in the ecosystem and provide or use Finschia-based services. As an entity that develops mainnet-based applications and infrastructure, these contributors include dApp developers as well as open-source and infrastructure service developers who create key demand in the token economy and drive the creation of network value. Users also contribute by using these services. Both are keys to circulating and facilitating the use of FINSCHIAin the Finschia Ecosystem, and this growth is an important driver throughout the ecosystem.

03) The Foundation

As the implementer and operator of Token Economy 2.0, the foundation can promote and support a range of businesses for the stability and expansion of the ecosystem. In line with the rapidly changing blockchain ecosystem, the foundation supports continuous R&D and is in charge of mainnet technology development and maintenance for stable mainnet operation. They can also form investment funds to discover and nurture the listing operations and other promising FINSCHIA liquidity expansion projects. The foundation also runs various events and programs to activate the ecosystem.

FINSCHIA Issuance

To build a stable and sustainable token economy, a transparent and predictable issuance mechanism that is proportional to the activation level of the Finschia Ecosystem is required. To this end, in Token Economy 2.0, FINSCHIA is automatically issued according to pre-defined rules based on the inflation algorithm inherent in the chain. To further enhance the reliability and transparency of the FINSCHIA issuance policy, a previous policy that allowed the foundation to arbitrarily and manually issue FINSCHIA to secure a reserve has been discarded. This results in a zero reserve policy with no pre-issuance, and has dramatically improved the control of the supply and demand balance of FINSCHIA.

Issuance Policy

FINSCHIA can be issued up to the maximum issuance limit of 1 billion based on the inflation algorithm inherent in the chain. If the total staking rate is less than the target rate, the inflation rate goes up. Conversely, if the total staking rate is equal to or greater than the target rate, the inflation rate goes down. The specific issuance quantity is calculated by multiplying the total minted amount at the block height by the inflation rate determined by the chain at the point of block generation. The initial inflation rate starts at 15% for the stable settlement of Token Economy 2.0 and will adjust in accordance with the target staking rate to reach the 5% level in the long run.

Contribution Assessment

Finschia runs a mechanism that quantifies the participants' contribution to the Finschia Ecosystem and determines rewards accordingly. Network contribution rewards and service contribution rewards use independent mechanisms to assess contribution.

01) Network Contribution

The stability and security of a network based on Proof of Stake (PoS) are generally proportional to the ratio of staked FINSCHIA to the total minted amount of FINSCHIA. As the total staking ratio increases, the distribution speed of FINSCHIA decreases, thereby limiting the risk of rapid volatility of FINSCHIA's value to a certain level, allowing it to maintain a stable value. For this reason, staking amount is a key factor when assessing network contribution to the Finschia Ecosystem.

Specifically, it measures the ratio of the staking amount of the individual contributor to the total staked amount. For example, a user who staked FINSCHIA equivalent to 5% of total staked amount will receive up to 5% of the total network contribution reward.* The staking algorithm embedded in the chain transparently and fairly assesses the contribution to the network at the time of generation of each block. The foundation determines the scope of the token issuance policy appropriately and optimizes related parameters by considering the overall activation level of the Finschia Ecosystem.

*Validators receive a commission from the stake delegator for block generation and verification.

02) Service Contribution

As transactions and payments using FINSCHIA become more active, the value of the Finschia Ecosystem increases, creating a virtuous cycle and leading to an influx of new users. As more services and users participate, the Finschia Ecosystem becomes healthier and more sustainable, resulting in a high user retention rate. The foundation has defined on-chain indicators both directly and indirectly related to transactions and payments using FINSCHIA as assessment factors to quantify the level of contribution to the service. Direct indicators include the number and transaction amount of FINSCHIA payments. Indirect indicators include NFT transaction performance paid by means other than FINSCHIA. The foundation can adjust specific indicators and the contribution evaluation method without prior notice considering the overall vitality of the Finschia Ecosystem. Detailed information regarding policy will be made available via service contribution reward policy announcements.

In contrast to the network contributions that are assessed by the chain protocol, the foundation assesses contribution to service according to the following steps.

1. The foundation regularly renews the service contributor pool* and the compensation scope for the contributions.**
2. The foundation assesses the contribution to each dApp, including on-chain data during a specific period.
3. The specific contribution reward amount per dApp is determined within the range of available resources in the order of largest contributions by users.
4. The foundation gives the determined contribution rewards to each dApp. Each dApp redistributes the reward to users according to its internal reward policy and uses part of the reward as dApp advancement funds.
5. Each dApp redistributes a portion of rewards to its users according to its internal reward policy and uses part of the reward to advance dApp development.

* Services eligible to receive the contribution rewards. To be included in the pool, one must sign up for the program with the foundation and agree to the terms and conditions in advance.

** Depending on the liquidity of the contribution rewards and the vitality level of the Finschia Ecosystem, the number of services receiving rewards and the scale of rewards may be limited or changed.

FINSCHIA Distribution (Contribution-Based)

In the past, many blockchain services have received large grants from their foundations for funding purposes. This practice made often made blockchain projects look like they were thriving and forming numerous services in the early days, but these often failed and only increased the burden on early investors. As a solution to this problem, the Finschia Ecosystem has introduced the "Reward for Contribution" principle. The main goal of FINSCHIA distribution is to transparently reward contributors with FINSCHIA commensurate with their contribution, thereby ultimately establishing a virtuous cycle that vitalizes the ecosystem. Token Economy 2.0 distributes FINSCHIA according to established rules based on the distribution algorithm embedded in the chain.

Distribution Policy

FINSCHIA, issued through inflation at the time of block generation, is allocated as follows at a pre-determined rate based on the distribution algorithm embedded in the chain. In addition, FINSCHIA collected as transaction fees is also allocated as follows.

- Network contribution rewards
- Service contribution rewards
- Reserve
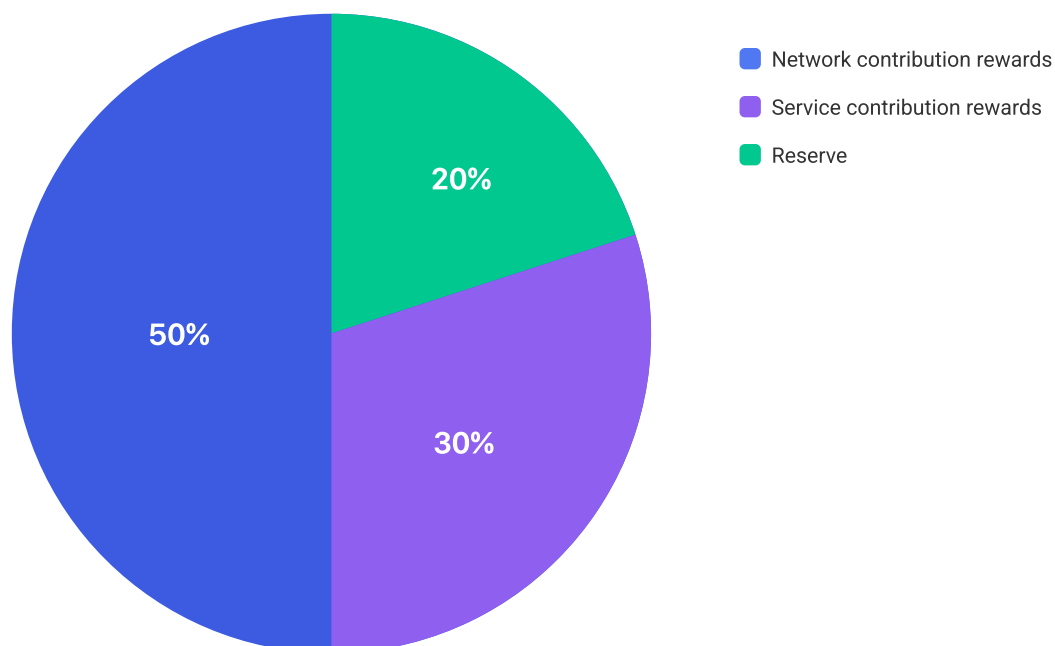
Reward (80%)*

- Network Contribution Reward (50%)

  A reward for validators and stake delegators for their contribution to improving the stability of Finschia. Participants possessing a stake in Finschia will be rewarded proportionally for their contribution to the network. Validators will also receive a commission from stake delegators in exchange for generating and verifying blocks.

- Service Contribution Reward (30%)

  A reward for developers and users of services operated within the Finschia Ecosystem for their direct or indirect contribution to improving the value of the Finschia Ecosystem. The foundation regularly quantifies individual service contributions through a service contribution evaluation mechanism, and distributes those rewards directly to service operators or service users. The allocated reward amount for service contribution can be adjusted depending on the participation and growth of the Finschia Ecosystem. If the participation rate decreases and growth is slow, the foundation may reduce the allocated reward amount and save the remaining undistributed rewards for later. Conversely, the allocation size may increase with greater participation and evidence of growth. (Note that his reward plan may change in accordance with the regulations of the countries where each service provider is located.)

Reserve (20%)

The foundation allocates a reserve for the maintenance of Finschia and the vitalization of the Finschia Ecosystem. The foundation may use this to directly or indirectly operate various programs and businesses to vitalize the overall ecosystem, such as R&D, infrastructure establishment, dApp acceleration, and marketing.

*Please note that the above distribution plan may vary due to commercial and operational factors, eg. adjustments for incidental expenses, decisions made by the Finschia Governance, and chain parameters

Rights and Roles of the Foundation

The foundation defines key indicators of the token economy via Finschia Governance and monitors the stability of FINSCHIA issuance and distribution policies. It also plays a role in advancing issuance and distribution policies and optimizing related parameters considering the vitality level of the Finschia Ecosystem. The foundation establishes and implements an operating policy that complies with the maximum issuance limit of FINSCHIA. To maintain the stability of the Finschia Ecosystem, it also adjusts the reward allocation ratio of the service contributor pool and distributes the rewards transparently according to quantified contribution rules. Aside from this, with prior notice, the foundation may also reform token economy policy through cooperation with validators to seamlessly respond to any instabilities in the initial Finschia Ecosystem.

Governance

Finschia aims to create an open, distributed network with high scalability and interoperability. An on-chain governance system to suggest and determine the direction, policy, and development of the network, based on Finschia Governance, has been introduced to acheive this. This on-chain governance system is a newly added feature of the 3rd-generation Finschia Mainnet, and has been designed to ensure efficient negotiation and transparent results. Finschia Governance makes decisions by voting on proposals related to major changes in the technical, business, and economic policies of Finschia. Finschia Governance members participate by staking FINSCHIA and running validator nodes, and receive corresponding rewards.

Finschia Governance

Finschia Governance is jointly managed by partners who can contribute substantially to the Finschia Ecosystem. Finschia operates under the principle that contributors who can share its vision and build the ecosystem from the perspectives of business competitiveness and the global ecosystem are the most suitable Finschia Governance members. From the business competitiveness perspective, contributor candidates are expected to strengthen the intrinsic competitiveness of Finschia, build various Web3 and NFT-based dApp ecosystems, and develop a long-term platform development plan based around stable and highly scalable growth network. From the global ecosystem perspective, potential members of Finschia Governance are contributors with world-class leadership, expertise in blockchain technology and investment, and the ability to expand into new markets. Finschia Governance members, who ultimately contribute to achieving the mass adoption of blockchain technology, will drive the long-term growth of Finschia.

1) Roles

Finschia Governance members operate "validator nodes" that approve blocks according to the consensus algorithm and take on the following roles as validators.

- Participate in block generation:

  Validator nodes participate in the block generation process according to the Ostracon consensus protocol (PBFT + DPoS + VRF) of Finschia and are responsible for stable block generation. In each block generation round (Propose > Prevote > Precommit > Commit), after a block is verified votes containing the encrypted signatures of each validator's private key are transmitted to the blockchain.

- Maintain security:

  Validator nodes are one of the core components of the chain and require special attention to security. To maintain a high level of physical security, the consensus keys required for block signing are stored in a Key Management System (KMS), and operating keys are stored in a hardware wallet.

- Upgrade for stability and performance:

  Validator nodes must diligently participate in the chain upgrade process to maintain and improve the chain's stability and performance. They are required to check the content, scope, and schedule of chain upgrades through validator node communication channels (governance forums, SNS channels, etc.) and any external notification channels.

- Give feedback and report:

  Validator nodes must share and propagate feedback to improve the chain and develop the ecosystem. Should a validator node identify an issue or detect malicious activity on the chain, it will immediately share it in a communication channel for validator nodes.

- Run a full node:

  Validator nodes must run a full node in order to participate in the block generation process. The full node stores a copy of the entire blockchain so the validator can independently validate transactions and blocks without relying on other nodes. Validator nodes need to store all block

information, from the genesis block to the latest block. Each full node uses this information to validate blocks and therefore plays an important role in maintaining the security and integrity of the chain. Validator nodes must meet the hardware requirements to run a full node, avoid network latency, and maintain a high uptime level.

- Participate as a validator for stake delegators:
FINSCHIA holders can directly or indirectly participate in on-chain governance as stake delegators by delegating their tokens to validator nodes. Validator nodes can also self-delegate to themselves.

- Participate in governance:
Validator nodes are the axis that supports the chain system and are responsible for chain operation. Their active participation in voting on proposals submitted to the chain is essential. Validator nodes must exercise voting rights on behalf of stake delegators who have delegated FINSCHIA to them, but can only exercise such voting rights when the delegator does not vote themselves. Each validator's vote number is adjusted according to its contribution to governance and the network, and the amount of FINSCHIA staked on it.
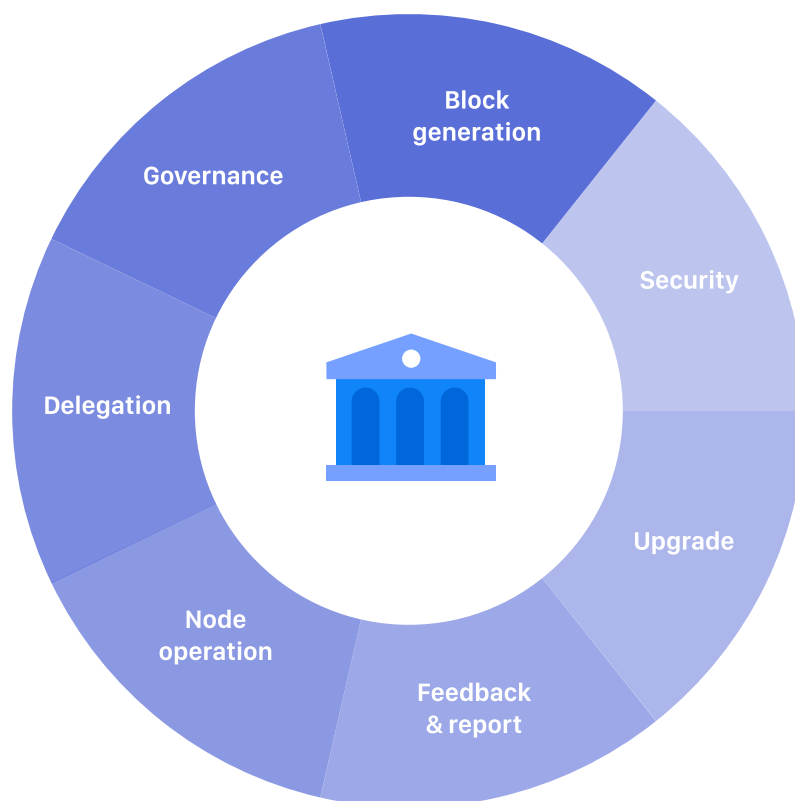
If a validator fails to fulfill its roles and responsibilities (not participating in the minimum required consensus rounds) or misbehaves (double-signing, etc.), staked assets may be "slashed." Slashing refers to a penalty in which a percentage (0.05-1%) of the FINSCHIA staked to the validator node as collateral is burned. Repeated misbehavior may result in being blockedfrom the consensus process. Validator nodes may also be expelled from Finschia Governance through a governance voting process.

2) Rewards

Finschia Governance members receive rewards at a certain rate for participating in the consensus process and validating and generating blocks while operating validator nodes. The stability and integrity of the blockchain are affected by validator node actions, so rewards are provided to encourage validator node operators to perform the above roles accurately and reliably. Reward types are as follows:

- Reward via inflation

  Finschia is structured to issue new FINSCHIA when blocks are generated based on an inflation system inolving complex parameters such as FINSCHIA issuance volume, circulation volume, and total delegated ratio. 50% of the newly issued FINSCHIA is distributed as a reward to Finschia Governance member validator nodes, in accordance with delegation ratio (total amount staked to a specific validator node/total amount staked to all validator nodes). This reward is stored in the fee pool on chain, and each validator node can withdraw the FINSCHIA distributed to itself from the fee pool.

- Transaction Fee

  Network fees on Finschia are paid with FINSCHIA are collected in the fee pool. Validator nodes belonging to Finschia Governance can withdraw the fee rewards distributed in proportion to their delegation rate from the fee pool, excluding stake delegator rewards. Validator nodes cannot withdraw rewards distributed to their delegators; stake delegators must withdraw them directly.

• Commission

FINSCHIA holders can delegate FINSCHIA to validator nodes belonging to Finschia Governance to participate in chain operation, with the validator nodes receiving a commission in return. Validator nodes take a commission based on their commission rates from each delegator's revenue. The commission charged varies by validator node and may be change during operation as necessary.

Governance Process

All tasks included in the governance process of Finschia take place on-chain. The votes of Finschia Governance members are recorded on the blockchain, and proposals and decisions related to the chain are made based on these voting results. The basic on-chain governance process is as follows.

• Step 1. Propose

Any Finschia Governance member can propose an agenda and initiate the governance process.

• Step 2. Discuss

Finschia Governance members provide opinions on the agenda via written opinions.

• Step 3. Vote

Finschia Governance members review submitted opinions and vote on the agenda. In general proposals are passed when the number of positive votes passes the threshold, but if the number of strong negative votes (NoWithVeto) exceeds a certain percentage, the proposal will be rejected regardless of the number of positive votes. This process allows proposals that may have a negative impact on the chain or malicious intention to be rejected. Finschia Governance members can vote on behalf of stakers who have delegated FINSCHIA to them. When stake delegators do not vote themselves, their votes will automatically follow the vote of the relevant Finschia Governance member.

• Step 4. Follow up

The foundation and the proposer are responsible for carrying out each approved agenda.

Governance Proposal Type

The following four types of proposals can be processed via on-chain governance: technology, economy, governance, and consensus.

01) Technology policy

These proposals include suggestions for policy regarding technical updates of the platform, including the basic structure, new features, and software upgrades of the blockchain. Whether to perform a soft fork or hard fork as well as whether to apply a new blockchain structure and features can also be proposed.

02) Economy policy

These proposals involve suggestions for changes to economic policy including chain economic parameters such as transaction fees and FINSCHIA inflation policy (inflation rate, target staking rate, foundation reward rate, etc.). Agendas directly related to the formation of the Finschia Ecosystem such as changes to the contribution assessment method and use of the reserve may also be proposed.

03) Governance policy

These proposals include suggestions related to rules for governance entities and processes, and the rights and responsiblities of the governance body. Conditions of the governance process (minimum stake, voting period, quorum, voting percentage, etc.) can be adjusted, and the parameter settings for the responsibilities and rights of Finschia Governance members may change. This governance policy decision-making process plays an important role in the overall operation and progress of the system.

04) Consensus policy

These proposals include suggestions related to voting period, the maximum number of Finschia Governance members, the right of new Finschia Governance members to generate a node, and slashing policy etc. Text suggestions which don't involve technical changes, such as freezing malicious smart contracts via blacklists and other chain operations, can be also be proposed. These consensus policy decision-making request play an important role in the overall operation and progress of the system.

Governance Roadmap

- Stage 1. Private

  This stage comes before the establishment of Finschia Governance. In this stage, the Finschia Foundation alone sets and manages the direction of mainnet operations. The Finschia Foundation is responsible for operating the mainnet, running validator nodes, maintaining the mainnet access list, and determining the types of transactions allowed on the blockchain as well as the maintenance and update method of the network. The Finschia Foundation also sets regulations and policies to solve any issues that may occur when operating the mainnet.

- Stage 2. Consortium

  In the consortium stage, Finschia Governance members operate the blockchain through on-chain voting, and each member has influence over the operation of the mainnet. At this stage, mainnet endpoints are provided only to members verified by the Finschia Foundation. Each member holds governance decision rights in proportion to staked amount. The direction of the chain may vary depending on the objectives of these Finschia Governance members, who operate validator nodes. Finschia Governance members also establish regulations and procedures for managing and updating the blockchain, resolving disputes, and adding new Finschia Governance members through the on-chain governance process.

- Stage 3. Public

  In this stage the blockchain system is decentralized, anyone can participate in the network as a user or validator, and mainnet endpoints are open to the public. The blockchain structure is permissionless, and any organization or individual can run a validator node without permission and thereby become a candidate for Finschia Governance membership. The blockchain is operated through on-chain governance in the same way as in the consortium stage, with the addition of new Finschia Governance members occuring through on-chain voting, without Finschia Foundation influence.

Technology

We have been steadily developing and operating the mainnet, with its unique technologies and experiences, since 2019. Bamboo was first built with a Rootchain and Leafchain structure in 2019, and Cashew and Daphne were developed in 2020. Finally, Finschia was developed through Ebony (testnet) in 2022. Through this journey, the value of Finschia has been proven. Finschia serves as the pivotal infrastructure of the Finschia Ecosystem, allowing it to achieve the true value of Web3, a place where everyone can easily and freely create and trade content as well as receive fair rewards. It also serves as a base infrastructure technology for the open network and mass adoption, the ultimate goal of Finschia, and will form the foundation for the expansion and growth of the ecosystem.

Architecture

Finschia has adopted a structure of layers, each with unique functionality, allowing flexibility and modularity in the design and development of blockchains. With this layered structure, Finschia can easily be modified or upgraded as needed without having to rebuild the entire blockchain system. It can also lead to higher performance and scalability by distributing the workload between nodes and improving overall network efficiency. This is particularly suitable for blockchain applications that need to process a large number of transactions for mass adoption. Layer structures are also very effective against security vulnerabilities and attacks. Finschia's structure enhances security and ensures chain integrity and trust.

To acheive these advantages, Finschia consists of three independent layers with different roles: Ostracon (an independent consensus algorithm), a WebAssembly-based virtual machine, and an SDK that adds convenience to development.

3-Layered Architecture

Finschia is an independent, parallel, and decentralized blockchain network designed to be a horizontally scalable and interoperable platform for dApp development. It has three independently configured layers, each of which plays its own role: the application Layer, the consensus layer and the networking layer. The application layer, built using the SDK, plays the role of business logic for each node and can write optimized smart contracts for the Finschia Ecosystem on WebAssembly-based virtual machines. The consensus layer included in Finschia's independent consensus algorithm Ostracon allows all nodes within the network to reach agreement and consensus on state and produces and store blocks safely and irreversibly. This consensus layer also has resistance to network attacks and thus is essential in ensuring security and integrity. The networking layer is responsible for communication between deployed nodes.

Application Blockchain Interface

The Application Blockchain Interface (ABCI) is a software library and protocol set that allows applications to communicate with the blockchain. It acts as a bridge connecting the application layer and the consensus layer so that applications can read and write data on the blockchain. With ABCI, applications that are not built on the blockchain can also secure the security and the decentralization of the blockchain. Additionally, developers can conveniently develop applications on the blockchain using familiar programming languages and development tools.
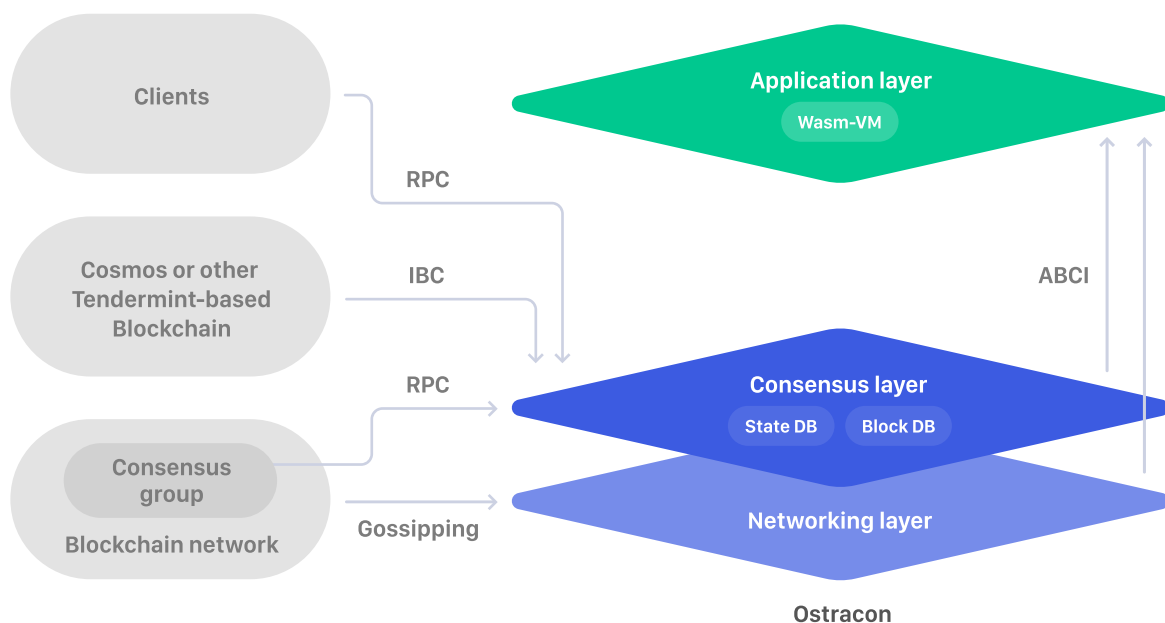
Consensus Algorithm

Blockchains use a "distributed ledger," which consists of a connected network between individuals with several network participants to record and manage the transaction information. Each blockchain adopts a consensus algorithm that is most suitable for it, with the aim of efficient and smooth consensus on transaction validation and block generation among network participants. These consensus algorithms help the system to reach a consensus on the correct state, even if there is a system failure or malicious attack on the network. They play an important role in ensuring the integrity and stability of the blockchain.

Ostracon

A novel blockchain consensus engine called Ostracon forms the foundation of the Finschia. The Ostracon consensus engine is based on a combination of Delegated Proof of Stake (DPoS) and Tendermint-BFT, which itself is a variation of the Practical Byzantine Fault Tolerance (PBFT) algorithm.

- DPoS

  Nodes are elected as representatives based on the total staked amount to form a consensus.

- PBFT

  A consensus algorithm that has been mathematically proven to ensure the safety of the network, so long as the total number of nodes is 3f+1 or more, where f represents the number of unreliable nodes.

- Tendermint-BFT

  A modified version of PBFT used in the consensus and networking layers of the Cosmos blockchain.

Ostracon has adopted the fast block finality and fork resistance mechanisms of the Tendermint-BFT consensus mechanism. Because it utilizes improved versions of existing consensus algorithms, it is unique to the Finschia. Ostracon provides a solid foundation for Finschia to be used in a variety of domains such as finance, e-commerce, and gaming.

In the Tendermint consensus algorithm, a leader is elected every round among the block validators. The leader generates blocks, and validators validate the generated blocks and consensus results. In this process, a round-robin method in which the leader is elected in a specific order is used. This method pre-selects the next block generator, allowing the validator group to predict the next leader in advance. Due to this, there is a concern that it may be difficult to maintaining the stability of the blockchain should the leader become the target of a Distributed Denial of Service (DDoS) Attack.

To improve these issues, Ostracon has introduced a security enhancement technology called VRF (Verifiable Random Function) to select the next leader randomly, and make future selectionsunpredictable. By providing randomness to the chain, the network is protected from attackers, and security is ensured.

Consensus Process

Ostracon's consensus process (block generation mechanism) consists of three steps.

- Step 1 - Election

  One proposer and several voters are elected from a set of candidate nodes of validators possessing FINSCHIA stakes. This is similar to a leader election in a general distributed system. However, on the blockchain, it must be designed to prevent any artificial elections so that malicious interference such as a DDoS attack doesn't degrade the system's overall performance. At this stage, Ostracon utilizes a cryptographic function called VRF. The node verifies the VRF proof "a" within the block and calculates the VRF hash value "t," a pseudorandom number. Based on that value, the proposers and voters of the round are selected according to each validator's stake possession through a simple and fast-weighted random sampling, ensuring integrity and stability.

- Step 2 - Block Generation

  The elected proposer suggests a block. Unconfirmed transactions that are not included in the blockchain are shared among nodes through P2P (peer to peer) on the network and stored in an area called mempool within each node. The elected proposer picks up the unconfirmed transactions from its own mempool, generates a proposal block, and proposes it to voters.

- Step 3 - Block Verification

  The elected voters validate the block proposed by the proposer. Each voter votes on whether the block is correct or not. Then the vote is replicated and passed to the other voters. If more than 2/3 of all voters vote for the block, the block is officially approved. If a quorum is not reached, the proposed block is rejected, and a new round of elections or voting begins.
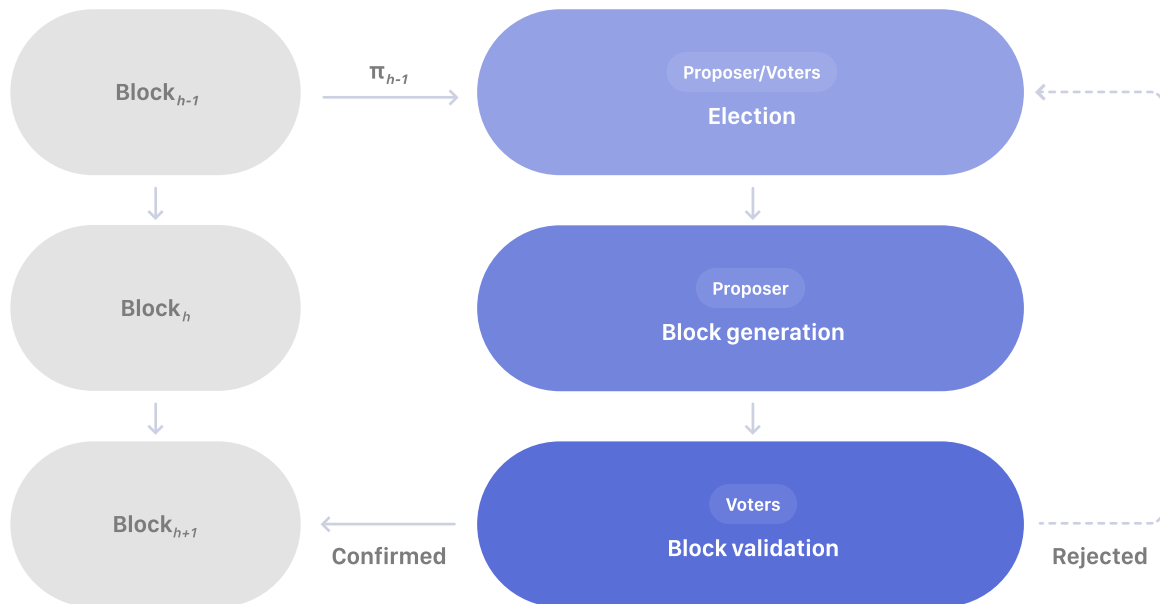
h the current block height

π VRF proof

Smart Contract

Smart contracts on the blockchain increase the efficiency of transactions and contracts between individuals through contract automation, and the use of smart contracts has had a significant impact on the blockchain and dApp ecosystem. Contract conditions can be coded into smart contract and automatically executed, solving the trusted intermediary issue. Smart contracts have allowed the blockchain ecosystem to create new business models and economic systems by reducing the cost and time required to complete transactions. Finschia supports a WebAssembly-based programming language designed to be fast and efficient, providing the best and swiftest development environment for dApp developers and projects.

WebAssembly Virtual Machine

To achieve the goal of mass adoption of blockchain, Finschia supports smart contract functionality in order to provide broad opportunities for projects to onboard and a more convenient dApp development environment. A WebAssembly-based (Wasm) virtual machine called Wasm-VM is used for Finschia smart contracts to reduce entry barriers to development, such as those caused when independent languages such as Solidity are used. Wasm-VM ensures high security and speed, and more importantly, it can write, deploy, and upgrade smart contracts in various general programming languages. This helps each business to quickly and efficiently develop smart contracts for PMF (Product Market Fit).

The Ethereum mainnet, which first introduced the concept of smart contracts, used an independent language called Solidity for smart contract development while providing the Ethereum Virtual Machine (EVM) to allow business logic to be coded and repeated. Since then, blockchain developers have widely adopted Solidity as a smart contract programming language. This unfamiliar language system has, however, created entry barriers to the influx of new blockchain developers, and has been criticized for its low-security level, which could hinder the mass adoption of blockchain.

The performance, stability, and security of WASM-VM is superior to EVM. With Wasm-VM, not only Finschia services but also other services will be able to deploy and use smart contracts. A tool for developers to easily use Rust, a programming language that supports WebAssembly, is also in preparation.

However, its unfamiliar language system created an entry barrier to the influx of new blockchain developers. It has also been criticized for its low-security level, which could hinder the mass adoption of blockchain.

Wasm-VM has superior performance, stability, and security compared to EVM. With Wasm-VM, not only the Finschia's services but also the other services will be able to deploy and use smart contracts. Besides, a tool for developers to easily use Rust, a programming language that supports WebAssembly, is in preparation.

Modular Design

Blockchains need to evolve continuously while embracing new advances to be in line with the changing market conditions and technology trends. Finschia has created functional units in the form of various modules for different purposes. This makes it is easy to modify or add functionality to the chain to meet the needs of users and the market. Functions with the same purpose can be grouped as a single module, and each module can be installed or removed from the chain without affecting other modules. Efficient development is possible because only specific modules need to be modified instead of the whole chain when the purpose or use of a specific module changes. This module-based design provides scalability and flexibility to the chain and provides an environment capable of continuous improvement by the developer community. To establish a diverse and extensive blockchain ecosystem, Finschia is putting much effort into improving convenience for developers building dApp services and providing a simpler development environment to lower the entry barrier.

Types of Modules

The main modules implemented so far and their purposes are as follows.

- Bank
  This module transfers and manages the information of the native coin (FINSCHIA). Through a bank, FINSCHIA can be transferred between the addresses on the blockchain, and the balance of a specific address or the total amount of FINSCHIA in circulation can be checked.

- Token

  A token is a module implementing FTs (Fungible Tokens) in a native way. Instead of the contract method commonly used in other mainnets, FTs are implemented in a chain-native method to display high performance and resource efficiency. To achieve compatibility with other mainnets, the most popular FT standard (ERC-20) has been adopted.

- Collection

  A collection is a module implementing NFTs (Non-Fungible Tokens) in the native method. It shows higher processing speed compared to the contract methods in NFT minting, transfer, and transactions. The collection complies with several NFT-related standards (ERC-20, ERC-721, ERC-1155, ERC-998) to respond flexibly to diverse business logic.

- Mint

  This module is responsible for determining chain inflation and issuing new FINSCHIA per block accordingly. The inflation rate is determined between a predefined minimum and maximum value and is constantly adjusted until the total chain staking (delegation) rate reaches the target value.

- Distribution

  Through this module, newly issued FINSCHIA is distributed to the network contribution reward, service contribution reward, and foundation treasury based on the allocation ratio. This module also provides functions to view and withdraw the accumulated FINSCHIA reward for specific addresses.

- Gov

  This module consists of functions for the on-chain governance process. On-chain governance plays an essential role in mainnet operation and makes important on-chain decisions such as changing or upgrading chain parameters. This module contains functions for submitting proposals, making deposits, and conducting votes.

- Staking

  This module is to introduce the PoS system with the validator concept and the process of block verification according to staking ratio. FINSCHIA holders can delegate their FINSCHIA to a validator and, through this, directly or indirectly participate in block validation and on-chain governance to receive network contribution rewards.

- Wasm

  This module supports smart contracts with functions to use the WASM-VM built into the chain, including code upload, instance creation, and code migration. It efficently uses chain resources by adopting a structure in which multiple users create and use instances from a single smart contract code.

- IBC (Inter-Blockchain Communication)

  This module enables asset exchange and communication between different blockchain mainnets using the same protocol. Finschia uses the IBC protocol as an intermediary to enable greater interoperability between blockchains. Through this, different blockchains can exchange information and assets. Communication between blockchains is a key component in creating a truly distributed ecosystem.

- Foundation

  This module provides functions essential to the management of the foundation's on-chain treasury pool of the foundation, one of the ecosystem vitalizers. It manages safe deposits and withdrawals, operating member's accounts, and a withdrawal account whitelist. Through these functions, the foundation can safely and flexibly process service contribution rewards and manage reserves on-chain.

Through this multi-purpose module structure, Finschia will continue to ensure the stable operation of the blockchain network and provide the technical support to achieve Token Economy 2.0.

Roadmap

Vision for the Finschia

As Finschia researches and applies rapidly evolving blockchain technology, it will also make steady improvements in user experience that will establish an early ecosystem by allowing global users to understand and experience blockchain technology and cryptocurrency in an effortless way. User recognition of the potential benefits of blockchain technology will also expand through their use of the increasingly secure, transparent, and scalable Finschia. As more individuals and businesses come to understand the benefits and value of blockchain technology, we expect to see growth in its adoption in industry and everyday life.

With the evolution of blockchain technology and ecosystems, interest in the mass adoption of Web3 is also growing. Based on its solid infrastructure technology and initial global ecosystem, Finschia will develop into a blockchain network that entities can trust, use, and freely participate in, eventually leading to the mass adoption of Web3.

Strategy to Expand the Finschia Ecosystem

The Finschia ecosystem will be established in three phases. Through this process, the Finschia Ecosystem will develop into a self-sustaining economic system with robust infrastructure technology and a thriving ecosystem.

- Phase 1. Ecosystem Expansion

  In phase 1, Finschia established the foundations of the ecosystem with the initial LINE Blockchain, creating an infrastructure capable of linking dApps in an easy and efficient manner. This infrastructure has created a range of opportunities for dApp developers to participate in the ecosystem. Phase 1 achievements:

  - In 2019, the multi-chain (root-leaf) mainnet Bamboo was launched and laid the groundwork for the LINE Blockchain Ecosystem.
  - In 2020, LINE Blockchain Ecosystem began to expand the NFT ecosystem by upgrading to Cashew (testnet) and Daphne (mainnet).

- In 2021, a dApp Alliance was formed with select dApp developers and provided an interlocking SDK to secure dApps and establish a smooth development environment.

- In 2022, the launch of Ebony (testnet) and Finschia (mainnet) with ABCI (Application Blockchain Interface) functionality sped up the development of dApps.

- Modules that elevate scalability, development flexibility, and developer convenience were also implemented, providing an easier dApp onboarding experience and an expanded set of ways to participate in the ecosystem.

- Non-custodial web and mobile wallets based on Finschia have been developed, securing user convenience.

- **Phase 2. Network Vitalization**

In phase 2, Finschia will upgrate the blockchain network and build an ecosystem for global users. User-friendly dApps will be created that cater to the unique experience of global users and generate real-life use cases such as FINSCHIA payments and staking. This will be achieved by:

- Building a trust layer that issues rewards based on contribution to the ecosystem, via the establishment ofthe Finschia Foundation and Token Economy 2.0.

- Configuring Finschia Governance to drive long-term growth and contribute to the mass adoption of Web3.

- Integrating the Daphne Mainnet and Finschia Mainnet and unifying the token ecosystem, including infrastructure and NFTs.

- Improving the accessibility of Finschia technology by running development ecosystem vitalization programs such as dApp accelerators and hackathons.

- Implementing an IBC (Inter-Blockchain Communication) protocol for communication between app chains (application-specific blockchains) and apply solutions such as bridges to improve scalability and compatibility.

- Building a foundation for global mass adoption by onboarding a wide variety of dApps from different sectors, such as global DeFi (decentralized finance) and on-chain staking services, and diversifying FINSCHIA transaction methods.

- **Phase 3. Mass Adoption of Web3**

  In phase 3, Finschia will transform into a public network that will allow anyone to directly participate in and contribute to the network, becoming a universal blockchain platform that connects global users. This will be achieved by:

  - Expanding the global NFT infrastructure to increase demand for FINSCHIA and enhancing the token economy model to support dApps in a detailed and specific way.
  - Establishing a universal, user-oriented platform that connects chains, expanding Web3 global services by stably interlocking the token ecosystem with different blockchains, and making other technological advances.
  - Merging the Web2 ecosystem with the Web3 ecosystem by creating a platform that meets the needs of Web2 service providers, bringing them on board as partners.

Important Notes

Disclaimer of liability

To the maximum extent permitted by the applicable laws, regulations and rules, the Finschia Foundation Group shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you.

No representations and warranties

The Finschia Foundation Group does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Whitepaper.

Representations and warranties by you

By accessing and/or accepting possession of any information in this Whitepaper or such part thereof (as the case may be), you represent and warrant to the Finschia Foundation Group as follows:

a. you agree and acknowledge that FINSCHIA does not constitute securities, fiat tokens or e-money, accepted virtual assets, specified investments under the FSMR or its equivalent or any other regulated products in any jurisdiction;

b. you agree and acknowledge that this Whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities, fiat tokens or e-money, accepted virtual assets, specified investments under the FSMR each as defined under the FSMR, or its equivalent or any other regulated products in any jurisdiction or a recommendation or solicitation for investment and you are not bound to enter into any contract or binding legal commitment and no digital token or other form of payment is to be accepted on the basis of this Whitepaper;

c. you agree and acknowledge that FINSCHIA shall not be construed, interpreted, classified or treated as enabling, or according any opportunity to, recipients or purchasers to participate in, or receive profits, income, or other payments or returns arising from or in connection with the Finschia Foundation Group or FINSCHIA, or to receive sums paid out of such profits, income, or other payments or returns;

d. you agree and acknowledge that no regulatory authority has approved of the information set out in this Whitepaper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this Whitepaper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;

e. you agree and acknowledge that this Whitepaper, the undertaking and/or the completion of listing of FINSCHIA, or future trading of FINSCHIA on digital token exchanges, including the Bithumb, Huobi Global, MEXC, Gate.io and BITMAX exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the Finschia Foundation Group, FINSCHIA, or the digital token exchanges;

f. the distribution or dissemination of this Whitepaper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to the Finschia Foundation Group;

g. you are fully aware of and understand that you are not eligible to purchase any FINSCHIA if you are a person from any restricted locations as set forth in the T&Cs (or equivalent document) of the digital token exchanges where FINSCHIA is listed;

h. you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of digital tokens, blockchain-based software systems, blockchain technology and smart contract technology;

i. you are fully aware and understand that in the case where you wish to purchase any FINSCHIA, there are risks associated with digital token exchanges and their business and operations;

j. you agree and acknowledge that the Finschia Foundation Group shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you, including in relation to:

i. any failure by the Finschia Foundation Group to deliver or realise all or any part of the FINSCHIA features described in this Whitepaper;

ii. any failure by the Finschia Foundation Group to list FINSCHIA on digital token exchanges including Bithumb, Huobi Global, MEXC, Gate.io and BITMAX;

iii. your use or inability to use at any time the services or the products of the Finschia Blockchain platform or FINSCHIA;

iv. any security risk or security breach or security threat or security attack or any theft or loss of data including but not limited to hacker attacks and losses of passwords or private keys or your failure to properly secure any private key to a wallet containing digital tokens; and

k. yall of the above representations and warranties are true, complete, accurate and not misleading from the time of your access to and/or acceptance of possession of this Whitepaper or such part thereof (as the case may be).

Nothing contained in this Whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Finschia Foundation Group. All information, features, issuances, distributions, and architectures are subject to change at any time, at the sole and absolute discretion of Foundation and/or Finschia Governance depending on the then current roadmap presented in this Whitepaper.

Further, the Finschia Foundation Group disclaims any responsibility to update any forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future

developments, events or circumstances, even if new information becomes available or other events occur in the future.

Please note that this Whitepaper is also only a work in progress and the information in this Whitepaper is current only as of the date on the cover hereof. The Finschia Foundation Group reserves the right to update the Whitepaper from time to time.

Staking services

If you choose to participate in the FINSCHIA staking programme, any such service provided to you will be facilitated by the Finschia Foundation acting as a transaction validator on the Finschia and providing its private nodes for staking on your behalf. Any applicable Network Contribution Rewards will be determined by the protocols of the Finschia and will be credited.

You acknowledge and understand that the Finschia Foundation does not guarantee that you will receive any Network Contribution Rewards and such staking services do not constitute a fixed deposit product or issuance of securities, which would fall under the regulatory scope of the FSMR.

Withdrawal of staked assets may be delayed as a result of protocol unstaking periods or network conditions, and the Finschia Foundation cannot guarantee the timing and amount of the distribution of the Network Contribution Rewards. The Finschia Mainnet, LBScan and other relevant interfaces used for the delivery of FINSCHIA staking services have inherent risks and the market for FINSCHIA tokens and rewards may be highly volatile due to factors that include but are not limited to adoption, speculation, technology, security, and regulations. You agree and acknowledge that the Finschia Foundation is not responsible or liable for any of these variables or risks.

No advice

No information in this Whitepaper should be considered to be business, legal, financial or tax advice regarding the Finschia Foundation Group or FINSCHIA. You should consult your own legal, financial, tax or other professional adviser regarding the Finschia Foundation Group and their businesses and operations, and FINSCHIA. You should be aware that you may be required to bear

the financial risk of any purchase of FINSCHIA for an indefinite period of time.

Restrictions on distribution and dissemination
The distribution or dissemination of this Whitepaper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this Whitepaper or such part thereof (as the case may be) at your own expense and without liability to the Finschia Foundation Group. Persons who have been provided access to this Whitepaper or to whom a copy of this Whitepaper has been distributed or disseminated or who otherwise have the Whitepaper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute this Whitepaper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

Risks and uncertainties
Prospective purchasers of FINSCHIA should carefully consider and evaluate all risks and uncertainties associated with the Finschia Foundation Group, and its businesses and operations, and all information set out in this Whitepaper and the T&Cs, prior to any purchase of FINSCHIA.

You should not transact in FINSCHIA if you are not familiar with digital tokens of this nature. Transacting in digital tokens may not be suitable for you if you are not familiar with the technology in which FINSCHIA services will be provided.

You should be aware that the value of FINSCHIA may fluctuate greatly. You should buy FINSCHIA only if you are prepared to accept the risk of losing all the money you put into FINSCHIA.

As previously indicated, participating dApps will receive allocations of FINSCHIA from the Foundation that are to be distributed to dApp users. Subject to dApp's respective distribution policies, dApps may from time to time, either directly or indirectly, make large distributions of FINSCHIA to users, which could have the effect of increasing the overall supply of FINSCHIA that is traded on relevant

trading platforms. It is possible that such distributions could have a negative impact on the market price of FINSCHIA, particularly if a large number of recipients of FINSCHIA engage in sales of FINSCHIA on relevant trading platforms in a short period of time. Please note that a specific way of each dApp's distributions of FINSCHIA may vary depending upon each dApp's jurisdiction or country of registration to fully comply with applicable regulations.

FINSCHIA issuance costs
The Finschia Foundation Group will, in any event, incur no costs in regard to any issuance or distribution of FINSCHIA.

THERE IS NO GUARANTEE THAT THE FUNCTIONALITIES OF FINSCHIA, OR THAT THE FINSCHIA TOKEN ECONOMY INFRASTRUCTURE, WILL BE DELIVERED OR REALISED. IF ANY OF SUCH RISKS AND UNCERTAINTIES DEVELOPS INTO ACTUAL EVENTS, THE BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF THE FINSCHIA FOUNDATION GROUP COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, YOU MAY LOSE ALL OR PART OF THE VALUE OF FINSCHIA. IN THE EVENT THAT YOU HAVE PURCHASED FINSCHIA, YOUR PURCHASE CANNOT BE REFUNDED OR EXCHANGED.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).