

1. #MetaHashCoin

1.1 Definition of #MHC

According to the White Paper, #MetaHashCoin¹ (hereinafter – «#MHC») is an internal means of payment in the #MetaHash network, which is used for ensuring reliability of the network and payment for any services provided within the network.

According to the description of the project given in the White Paper², some amount of #MHC can provide certain rights such as:

- A right to become a member of #MetaHash network³ (right of access);
- A right to use public #MetaHash Wallet⁴;
- A right to place advertisements within the #MetaHash network;
- A right to use the content of the #MetaHash network.

It is worth mentioning that software developers have a right to receive some amount of #MHC for the content or software developed. The amount depends on the level of relevance of the content or software amongst the users of #MetaHash network.

#MHC can be considered similar to the internal means of payment of social networks, web portals rendering services or online games. Summarizing all of the above, #MHC can be considered as internal means of payment in #MetaHash network from the legal point of view.

1.2 Seller of #MHC

The White Paper does not mention any official seller of #MHC.

Taking into consideration the documents prepared for the Private Round sale and pre-ICO sale, it can be concluded that a Swiss registered company will conduct the sale in accordance with Swiss law. Considering the freedom which Swiss law grants regarding the regulation of cryptocurrencies, the law and jurisdictions for sale were chosen to best fit the needs of the #MetaHash project.

The White Paper declares the creation of DAO #MetaHash as the main goal of the project.

1.3 Terms and conditions of #MHC sale

The White Paper gives general information about terms and conditions of #MHC sale stating the initial prices for each round, the total value of each round and the general description of #MHC distribution over the next 10 years.

The White Paper also declares that #MetaHash makes its responsibility to inform all participants of their rights. The references are made regarding other documents pertaining to the Private Round, pre-ICO and ICO sale.

Therefore, it should be explicitly stressed that in order to be aware of their rights and obligations regarding participation in Private Round, pre-ICO and ICO the participants shall read and agree with the terms and conditions stated not only in the White Paper, but also in another documents⁵.

1.4 KYC at the time of sale #MHC

The White Paper does not provide for any KYC procedures⁶ at any time of sale of #MHC. However, the Privacy Policy defines the personal data to be processed by the project. The amount of processed personal data shall be enough to identify the users of the website.

¹ #MetaHashCoin is a #MetaHash network exchange asset

² [Download White Paper](#)

³ metahash.org

⁴ #MetaGate — Decentralized apps directory and multi-currency wallet

⁵ [Terms of Use](#)

[Privacy Policy](#)

[Anti-Spam Policy](#)

[Advisor Agreement](#)

[Risk Disclosure Statement](#)

⁶ KYC - Know Your Customer

The KYC procedure and KYC rules shall be developed in order to clearly identify the source of any sufficient transfer of ETH to the public wallet of the project.

As soon as KYC procedure and KYC rules are developed these documents shall be made available to the general public.

1.5 Reliability and safety of #MHC

The safety of #MHC cannot be confirmed at the moment. #MHC is based on its own blockchain protocol – #TraceChain⁷. The safety of the #MHC is described only in the White Paper. Independent analysis of #MHC safety is not provided. According to the White Paper, #MetaHash network cannot be blocked or corrupted even by the person holding 67% of servers and #MHC.

⁷ #TraceChain is a Blockchain 2.0 protocol designed and developed by the company

As soon as the independent analysis of technical features of the project is available to the #MetaHash team, the conclusions of such independent analysis (regarding the promises of the fastest speed of transactions, safety of the protocol and #MHC) shall be made available to the general public.

2. Structure of the Project

2.1 Corporate Structure

Project Team plans the incorporation of the company in Switzerland. The incorporated company shall be transformed into the Decentralized Autonomous Organization (DAO) #MetaHash over the course of time.

2.2 Project Team

The Project Team consists of individuals, who have sufficient experience in the sphere of technology development, marketing, investment, business development and business management.

Information about the team is publicly shared in the White Paper, including the personal data of each member of the team. This gives the additional opportunity for participants in Private Round, pre-ICO and ICO to verify the project.

2.3 Intellectual Property

Plans of the project include:

- to conduct a search of naming and further filing of applications for the registration of a trademark;
- to file an application for a patent for an invention.

The information regarding developments in the field of IPR shall be made available to the general public as soon as possible.

2.4 AML procedures

The documents related to the Private Round, pre-ICO and ICO sale contain the clauses regarding the AML requirements.

2.5 Processing of personal data

The Privacy Policy of the project is written in accordance with the latest international standard of personal data processing. The document contains all necessary legal clauses: the reader clearly understands what volume of personal data is processed and for which purposes.

For storage and processing of personal data the project uses a server cloud solution which ensures compliance with the local standards of storage and data processing, implemented in the jurisdiction of the data's origin.

3. Analysis of the #MHC for the presence of financial instrument elements

3.1 Element 1: “It is an investment of money”

#MHC can be acquired only by exchange of another cryptocurrency such as Ethereum (ETH or ERC 20). It is worth mentioning that ETH has a defined value (which can change on a daily basis). However, ETH⁸ cannot be defined as “money” per se. Therefore, #MHC can be acquired by the digital asset, which can be exchanged for money, but is not money itself. However, ETH can be invested into #MHC.

⁸ Ether (ETH) Ethereum project cryptocurrency

3.2 Element 2 “There is an expectation of profits from the investment”

The White Paper considers the development of the new protocol for blockchain technology as the prime goal of the project. The expectation of profit is not guaranteed or otherwise warranted or promised in the White Paper.

3.3 Element 3 “Any profit comes from the efforts of a promoter or third party”

The project provides for the only way for acquisition of additional #MHC (which by itself does not constitute any additional profit whatsoever): the active use of #MetaHash Wallet and participation in mining of #MHC. The amount of reward is calculated according to the mathematical model, i.e. a defined algorithm with defined rules. Therefore, such way of reward can be considered similar to the algorithm used by Google in order to rank materials in its search engine in accordance with its relevance. The mathematical algorithm used by #MetaHash project for calculation of rewards is an unbiased system of defined rules. The mathematical equations are solved by a computer without the efforts of a promoter or third party.

Considering the #MetaHash plan to become a DAO as well as the process and types of voting procedures described in the White Paper, it can be concluded that the efforts of the Project Team do not imply any profit.

3.4 Element 4 “The investment of money is in a common enterprise”

#MHC does not create or allocate any shares, stock, bonds in any company or legal enterprise.

Summarizing all of the above, investment of ETH into #MHC allows a person to get access to the newly developed technology and to take part in its further development. Participation in the project does not guarantee any profit and does not give a right to shares or stock of any company or legal enterprise. By participating in the project the person can receive additional #MHC, however it will depend solely on active participation of such a person in the project, whose rewards will be defined by mathematical algorithm.

Therefore, #MHC is not likely to be deemed an investment contract.

Legal opinion issued by Ekaterina Myznikova,
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