



# LIBERATION OF PERSONAL FINANCE

**A practical approach to  
peer-to-peer operations**

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**Digital natives will set the economic standards in all fields, for the next 30 years of businesses. They are a major economic force and are right now at the prime of their spending. All market studies show these demographics are underserved by current financial services.**

## [01] ABSTRACT

Some of the biggest innovations that gained traction over the past years follow on the sharing economy trend; services that suggest you do not buy a car, you share a ride. You do not go to a hotel (to a centralized service) but choose a more competitive market created by your peers. Users want to be empowered. They want feasibility, whether we're talking about less carbon emissions or a more efficient market system. When it comes to managing their money and the economy, they want to feel something has changed in their relationship with banks after the economic crash they were served, fresh out of college. We are talking about 150 million users frustrated with traditional institutions and ready to get onboard with new technologies.

In FinTech, applying the same sharing economy standards has proven to be a challenge to both startups and large institutions. On the one side, we have crypto initiatives unwilling to meet banking half way. On the other side, we have institutions unwilling to disintermediate. What we have is a fragmented system. Banks and money transfer services are perfectly able to operate locally, yet go through time and resource-consuming steps, bottlenecks and checkpoints to serve globally. Crypto services are sometimes too sophisticated to engage usability, other times too relaxed in their approach of compliance to properly protect customers. Global businesses are hurt the most, as they are having problems operating with proper speed at reasonable prices. Day to day users are frustrated by high commissions. They are forced to cover all the complicated and unnecessary operations and inevitable losses banks suffer. Crypto users are fenced in and treated with preemptive suspicion. Most crypto traders have had their accounts unfairly frozen simply because of bad communication between their crypto service and their bank of choice.

Morfin comes with unique experience to bring decentralization into the financial markets. Our team is capable of wielding the power of the most sophisticated FinTech and most torture-tested network in the world.

Blockchain is half tech, half community power. The steps, the bottlenecks and checkpoints can be replaced by independent people sharing a common goal. Organizing such a community that pools energy together is next to impossible. Public Blockchains do that seamlessly. They help large communities organize with just a few clicks in order to do whatever large institutions do. Whether they use cryptocurrency or fiat, our users will have access to a broad slate of money management features, on a fully-compliant platform that is able to communicate with traditional institutions and banking.



Public Blockchains take cheaters out of the system by default. They create shortcuts inside the financial system. They ensure a state of verifiable trust among participants. They do it all under the hood, within a neatly-packaged user interface.

## [02] PROJECT DELIVERABLES

**Morfin is a Blockchain-powered hub that connects existing financial services to one core - AML and KYC, money management, banking (with IBAN, credit and debit card), trading and exchange, crypto and fiat wallets.**

We looked at two different financial markets. Traditional banking allows you to work securely, within the legal framework, in a relatively low-risk environment. Frustratingly enough, fees associated with everyday operations are high, entry-bars restrict users, operations are slow, the global market gets delivered in small fragments and mobility becomes an issue. On the other hand, banking for the crypto community and other peer-to-peer services come with associated risks, legal confusion, frozen accounts and disconnection from the mainstream economy.

Morfin bridges a gap to bring a pristine technology that takes the best of two worlds. Mobile banking, thoroughly regulated, with peer-to-peer under the hood. Lowest possible fees, mobility and complete freedom, in a law-compliant application. This is the next stage of growth for crypto and banking together.

Morfin doesn't restrict you to a single currency use. Users can operate with both fiat and crypto currencies, opening avenues for 1.5 million users in EU alone.

Users will have the option to keep their provider of choice for their existing financial services. For example they can connect their existing electronic wallet, IBAN account or trading platform to Morfin.

Across borders, you will experience the same financial service that you do back home - the same fees, best conversion rates and near-instant speed. There is no need for extra cross-border commissions, as public Blockchains technologies are fully virtual and operate regardless of borders.

All the money and digital assets inside the account are (inter)connected and you can always extract the best value out of them. Conversion steps are kept to a bare minimum.

You can enjoy full transparency of your financial operations and know at all times what happens with your money. You can hold your account into your own custody for most operations (except for high-speed trading), which means Morfin operators do not have the power to freeze your money or restrict your operations.

You have the option participate in the governance and share in the profits of the company.

Peer-to-peer technologies work smart and cut costs. This means you get the best value out of a Morfin account, because what you practically do under the hood is provide services to others and use services others provided.



### [03] ENGAGEMENT

Our mission: Lead by example towards a fair and open financial system

Promote the concept of open source finance where there are no hidden procedures, no fine print, no hidden fees, all the platform functionalities are explained in detail and the value created by FinTech innovation and public Blockchains is shared with the customers.

Validation: Morfin.io was selected by the Ministry of Economy in the Fit4Start program

(accelerator run by Luxinnovation). We graduated successfully from the acceleration program. We received a grant of 150.000EUR and consultancy from top advisors in Luxembourg to further develop our product.

**Morfin founder was nominated for Tech Talent of the year and won the second place in the tech talent competition.**

**Morfin.io is a member of the Luxembourg House of Financial Technology and Infrachain organizations.**



## ● ● ● ● ● ● [04] MARKET RESEARCH

Supporters and early investors in the Morfin STO are looking at an underserved market. The state of financial services today is quite telling, both in numbers and in the general poor relationship users have with banks and neo-banks.

There is a general distrust on the market and ample complaints from users, primarily about the limitations financial services impose. There is unique opportunity to close a market gap and profit from Morfin products in this stage. of development.

### MARKET SEGMENTATION

We have identified three important groups we can address during the initial stages of launching our services.

#### **Cryptocurrency users, traders and investors**

Growing interest for compliant solutions on this market. Expectation of a better user interface, similar to what neobanks offer.

- small fees
- wide range of personal finance management tools
- compliance
- more control over their assets

#### **Institutional traders and companies interested in investing in crypto**

High demand for a service that deals with compliance under the hood.

- streamlined compliance
- accounting tools
- zero regulatory risks

#### **Digital natives and millennials**

Users of mobile banking who are looking for a reliable, internationally-enabled app.

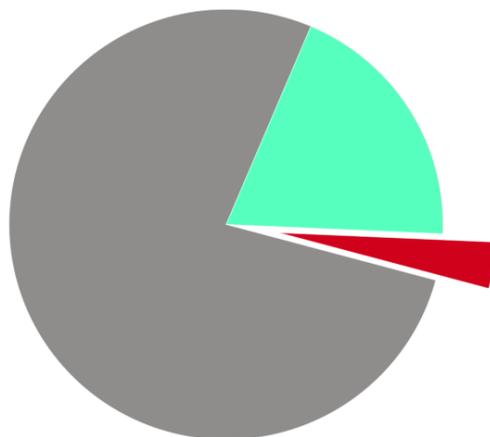
- a globally-enabled service that covers their needs while abroad (studying, travelling or working)
- money management tools



## OPPORTUNITY ON THE CRYPTO MARKET

In Europe, we are looking at an underserved base of clients who use cryptocurrencies on a regular basis. These clients and businesses have little to no regulated space to turn to. Through no fault of their own, they are constantly battling issues like frozen accounts, scams, suspicions from institutions, unreliable services that close at a rate of 4 every year. A regulated service would solve every single problem on this list. We are estimating a market size of over 150 000 000 verified users by 2023

- Total users accounts/unique wallets at service providers
- – **over 139 million.**
- Identity-verified users – **35 million in 2016** (4x growth/2017, 2x growth/2018).
- Projected verified users by 2023 - **over 150 million**
- Average number of transactions (bitcoin alone) – **300 000**
- Users willing to pay up to **6 EUR** per single transaction on the Blockchain.
- **Little to no competition** in linking crypto and banking services.



### total available market

150 million accounts worldwide  
40 million verified users  
700% growth over the past 6 years

### total serviceable market

9% of Europe's population owns crypto  
10-20 million users in Europe

### total obtainable market

1.8 million potential clients

## OPPORTUNITY AMONG MILLENNIALS AND DIGITAL NATIVES

71% of Millennials actually say they would rather go to the dentist than hear what banks have to say, according to a FICO insights study.

Millennials are the dominating demographics on today's market. We are looking at a wave of 79 million Millennials entering the prime of their spending. By the year 2022, they are bound to represent 44% of the worldwide working force.

Risk-averse and digital natives, they are leaning towards the "sharing economy" type of service, with decentralization at the forefront. This opens avenues for Morfin, as we know they already have the peer-to-peer, middle-man-out type of mentality and understand the value of decentralization.

According to FICO insights, 52% of Millennial are open to alternative payments and 68% expect the way they access their money to change in the next four years. Same study shows 32% are already using mobile payments, and this trend is growing.

While developing Morfin, we paid special attention to the needs of this segment, as they are a veritable economic force and are looking to lock in with their prospective banking service. Morfin.io serves these users by removing usability barriers on all fronts.

**The regulatory front.** We remove the anxiety associated with compliance, security and regulatory risks. Morfin is in the process of acquiring relevant partnerships, all documentation and licensing, starting with the EU space.

**Features and functionality.** Fully-featured platform, with unique values for this market. We looked at the actual market needs and employed direct customer discovery mechanisms (including interviews and focus groups). Morfin is a product rooted in real market issues through-and-through. The mobile app allows for a streamlined mobile banking experience, with high usability and familiarity for both crypto and non-crypto users.

### The optimal financial service among the general public:

- offers money management and planning tools for the entire family
- sports peer-to-peer services (inclined towards peer-to-peer loans)
- offers mutuality and direct involvement options for users looking for passive income opportunities.



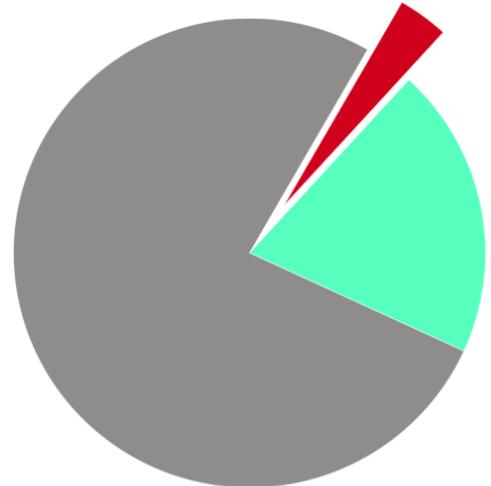


Using the assumptions above and some rough projections we calculated the market size by 2023.

**SOM (total obtainable market)**  
150-175M users

**SAM (total serviceable market)**  
70M users

**TOM (total available market)**  
12.3M users



## Rough projections for future adoption

The projected total available market (TAM) is 150M-175M identifiable users, since the current trends show a 5x increase until 2023.

The serviceable available market (SAM) is of about 70 M users since Morfin.io will initially focus mainly on EMEA with strong focus on Europe EEA.

We expect at least 9% of the population in this geographical area to own crypto, assumption supported by an IPSOS study ordered by ING.

Our leading position in transparent peer to peer personal crypto management gives us approximately 12.3 M leads (the serviceable obtainable market for Morfin).

Estimated Revenue for 12M leads at 8400EUR per year in transactions is about 734M EUR.

Our estimates are fairly conservative, as we are opening a service on an underserved market, with a strong value proposition.

We saw significant adoption of crypto, even on the bear market in 2018. 7 times more merchants adopted crypto over the past 6 years. 10% of Europeans used crypto for online purchasing.

Our data is encouraging, since Morfin will not provide a trading platform, but money management tools and payment avenues as well.

# CUSTOMER PROFILING

Customer profiling allows us to get a better, more human understanding of the market segments, who we can serve and what particular needs of our clients might have. These are just a few (most sought after) use case scenarios for Morfin.

These profiles are fictional characters overlayed on the average, statistical model of the targeted client. It is supported by market research, discussions with the community and client reviews of other crypto and financial products.



## crypto loyalist | PETER

Time to spare	● ● ● ● ● ● ● ●	<b>Peter has been waiting for the crypto market to mature since 2013. He has been paid in crypto occasionally and uses cryptocurrency to shop. Had his bank account frozen on more than one occasion and is frustrated about the regulatory confusion and roadblocks.</b>
Technophile	● ● ● ● ● ● ● ●	
Crypto-savvy	● ● ● ● ● ● ● ●	
Financial knowledge	● ● ● ● ● ● ● ●	
Currently satisfied	● ● ● ● ● ● ● ●	

## hard value

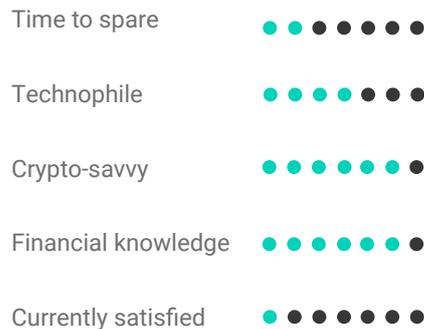
- One platform to manage both fiat and crypto
- Having his old bank account and existing crypto wallet connected to one app
- Fully-regulated services
- Real peer-to-peer, wide range of services
- Can adjust and manage risk
- Overall transparency of the platform, including software and audit
- Low, transparent fees, no hidden costs
- Sees other p2p services like lending as alternative investments

## emotional value

- Contributing to a new and more mature stage of growth for the crypto market
- Feeling in full control over his finances
- Appreciates peer-to-peer services and believes in the sharing economy trend
- Is addicted to the adrenaline of volatility-packed trading of cryptocurrencies and is motivated by the confidence that tokens based on public Blockchains can hold increasing value.



## blockchain investor | ALEX



Alex is primarily interested in the financial gains (from trading and investments). He is constantly looking for passive income opportunities. The mutuality side of Morfin appeals to him, as he can get involved in the administrative side of the company.

### hard value

- Opportunity for investment. He places trust in the team and understand the qualities of the new STO format.
- Likes the product and can see value in having one platform for crypto, anchored in financial institutions and banks.
- Enjoys the early-investor perks.
- Often felt there would be a need for a regulated crypto platform, but assumed the market is not mature enough to provide it properly.

### emotional value

- Being an early adopter with the chance to gain ROI.
- The pride of identifying the new trends on the market, competitive spirit.
- Eager to be part of the next big movement on the market.

## blockchain developer | JOSH



Time to spare ●●●●●●●●

Technophile ●●●●●●●●

Crypto-savvy ●●●●●●●●

Financial knowledge ●●●●●●●●

Currently satisfied ●●●●●●●●

Josh started his own startup. He already hired other team members to contribute. They are spread across various locations. For efficiency, he pays them in crypto. The accounting side of the payments requires circumventing and frustrating workarounds.

### hard value

- Ease of use
- Compliance for payments and invoicing allows him to report to his own investors
- Business tools, including multi-sig co-payments, like with CoPay wallets, so that he can approve transactions in collaboration with co-founders
- Transparency of operations from the platform, safety of funds

### emotional value

- Is expected to pay salaries (at least partially) with crypto and/or to accept crypto payments for his services
- Compromising on the platform through which he pays his co-workers would be a risk to his business so he is looking at a reliable and compliant service.

## global citizen | ANDREW



Time to spare	● ● ● ● ● ● ● ●	<b>Andrew is saving up to become a homeowner. He works abroad and sends money back home. Unhappy with the traditional banking system (high transfer and operations fees). Communication between banks in his adoptive country and those at home are poor. Had some difficulties opening a bank account when he first moved.</b>
Technophile	● ● ● ● ● ● ● ●	
Crypto-savvy	● ● ● ● ● ● ● ●	
Financial knowledge	● ● ● ● ● ● ● ●	
Currently satisfied	● ● ● ● ● ● ● ●	

### hard value

- Low fees, no fine print, no hidden commissions
- Ease of use, simple user interface with mobile application
- Fast account setup, no bureaucracy
- Global services
- Fast operations

### emotional value

- Feels appreciated as a client
- Appreciates non-discriminating, inclusive services and streamlined entry bars
- Stays connected with family back home and is able to support them in real time

# INSIGHTS INTO THE EXISTING MARKET

We directed our primary market research towards a specific market segment, with a focus on Millennials and X-Gen, in Europe, for users with at least some experience on the crypto market.

user age range



- 18-34 years old (41%)
- 34-50 years old (52%)
- over 50 years old (7%)

location



- users from the EU space (62%)
- users outside the EU space (38%)

relationship with crypto



- own crypto (67%)
- familiar with crypto (19%)
- not interested in crypto (14%)

A large part of our targeted demographics is part of the Millennials and Digital Natives generations - age group 18-40, users at the prime of their spending and looking to lock with their first banking service. For legal and compliance purposes, the starting vector will be countries from the European space. Our services provide unique advantages to cryptocurrency users, who will be able to consume crypto in a regulated environment. Therefore, the standard user is a late 30s European with an interest for crypto and likely a trading portfolio.

## ISSUES WITH THE SYSTEM CURRENTLY USED



- low returns (1107)
- exchange rates (953)
- payments (920)
- no crypto integration (846)
- high credit (820)
- account management (788)
- high fees (727)
- no upgrade for packages (61)
- lack of mobile app (479)
- difficulty obtaining loans ..

Our primary market surveys and customer discovery sessions tested a slate of 12 implementable functionalities common among financial services providers on both the fiat and crypto market. Peer-to-peer features were popular across all segments, including the non-crypto community.

### TOP 6 EXPECTED FEATURES

crypto community in Europe



general population



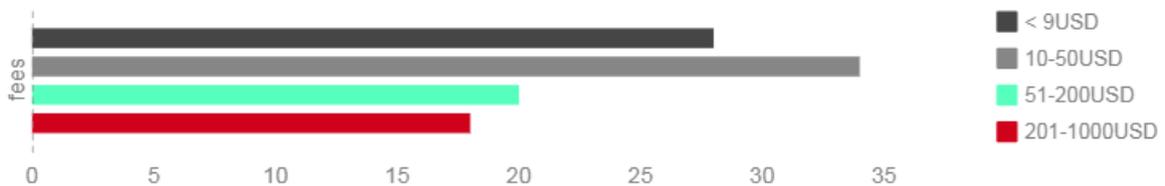
non-crypto community



crypto wallet
  mutuality
  p2p exchange
  price
  family management
  p2p loans

There is a strong interest primarily for a multicurrency wallet connected to traditional institutions and whitelisted for safe usage.

Amounts spent in fees by the crypto community monthly on service providers of financial services



### PREFERRED FEE STRUCTURE

crypto community



prefer a combination of both (15.46%)  
 prefer a monthly fee (31.96%)  
 prefer only transactional fees (52.58%)

general population



prefer a combination of both (17%)  
 prefer a monthly fee (36%)  
 prefer only transactional fees (47%)

non-crypto community



prefer a combination of both (38%)  
 prefer a monthly fee (42%)  
 prefer only transactional fees (20%)



## SOLVING ISSUES ACCROSS THE BOARD

### Low returns on deposits and high exchange rates

Morfin offers the opportunity to lend fiat and crypto and trade on the Forex and crypto markets, at lowest possible rates.

### A need for better credit conditions

Peer-to-peer lending services available, with fair rates and scoring systems.

### Pricing concerns

Our platform comes with transparent pricing, no hidden costs or fine print.

### An interest in reliable crypto wallet services

Full slate of crypto solutions with preferred wallet integration.

### Poor quality of account management tools, to various degrees

Full slate of management tools and simple user interface.

### Interest in mutual-style banking

Mutuality via STO

### General distrust in unregulated services

EMI license in an EU jurisdiction

### Broken relationship with the banking system and financial institutions

Morfin is an alternative to the traditional system and a safe haven for savings via cryptocurrency

## GO TO MARKET STRATEGY

The left column contains the list of channels tested during the marketing campaign simulation. Green means tested successfully. Grey means tested partially or inconclusive testing. We plan to implement an original and aggressive marketing campaign on all Internet channels, via influencers and by engaging the media with strong PR campaigns. We expect most of the growth to be acquired organically.

### ACQUISITION CHANNEL

- Influencers Twitter
- Influencers YouTube
- Remarketign
- SEO
- Ads (Facebook and Google)
- News articles
- Video interviews
- Forums
- Telegram Groups



- SEO (7%)
- Partnership (17%)
- Ads (5%)
- Content (7%)
- PR/Events (4%)
- Influencers (5%)
- Referrals (5%)
- Organic growth (50%)

## POST/AD IMPRESSION



**Partial results:**  
**AVERAGE CUSTOMER ACQUISITION COST**

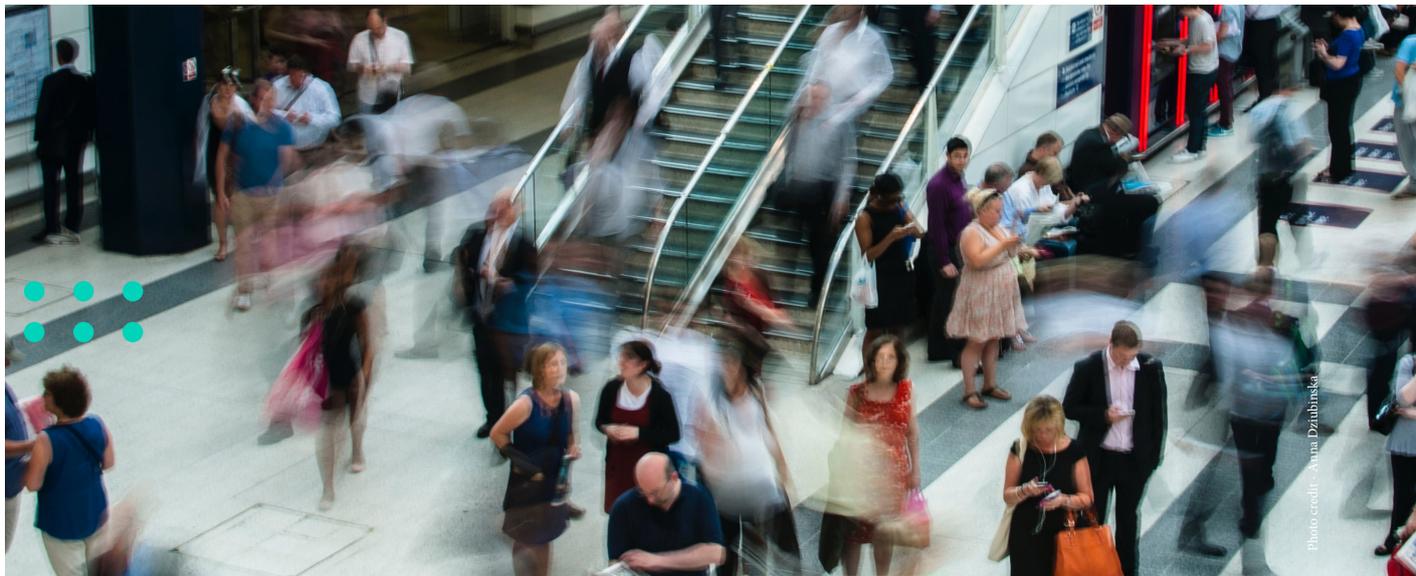
**First week - 14\$**  
**First two weeks - 10\$**  
**Over few month target -**

**3%-5%**  
**ON-PLATFORM INTERACTION**  
(depending on channel)

**2.5% - 22%**  
**LANDING PAGE**  
(product and price)

**23%**  
**REGISTRATION STEP 1**  
(email)

**98%**  
**REGISTRATION STEP 2**  
(full name, country, city, phone number - use of IP for validation)



## RESEARCH PRACTICES

Our marketing department collected primary and secondary data from over 1000 reliable surveys and Blockchain explorer tools in order to project the available market size and forecast product adoption. Our data is well-supported and validates the platform.

- Over 70 hours of customer discovery in direct interviews/focus groups
- Over 100 000 pages of market insights from verified sources (secondary marketing).
- Primary market surveys inside the relevant crypto and non-crypto segments



**Despite looking like a crowded space, none of the companies provide a solution to major problems of our segmented base. Users still have to go through multiple platforms and multiple steps to complete basic operations and they bear the burden of compliance themselves, which puts them and the market at significant risk.**

## COMPETITION

The traditional financial sector is already in the middle of a major transformation. Mobile banks and FinTechs are putting pressure on financial institutions in terms of fees and customer experience. On another front, companies in the public Blockchain space are challenging the core of the financial system – on payment networks, on currencies and concepts such as centralization and monetary policies.

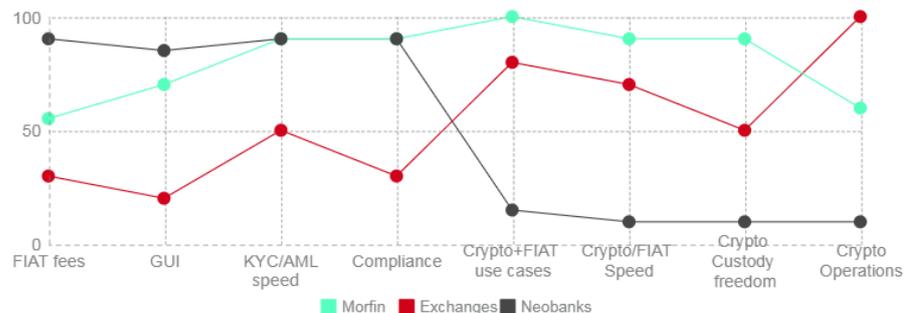
Morfin positions itself in between the mobile banks (fully digital banks) and the cryptocurrency exchanges.

In terms of FIAT fees and user experience, Morfin is close to offering the same mobile banking experience and surpasses services offered by cryptocurrency exchanges.

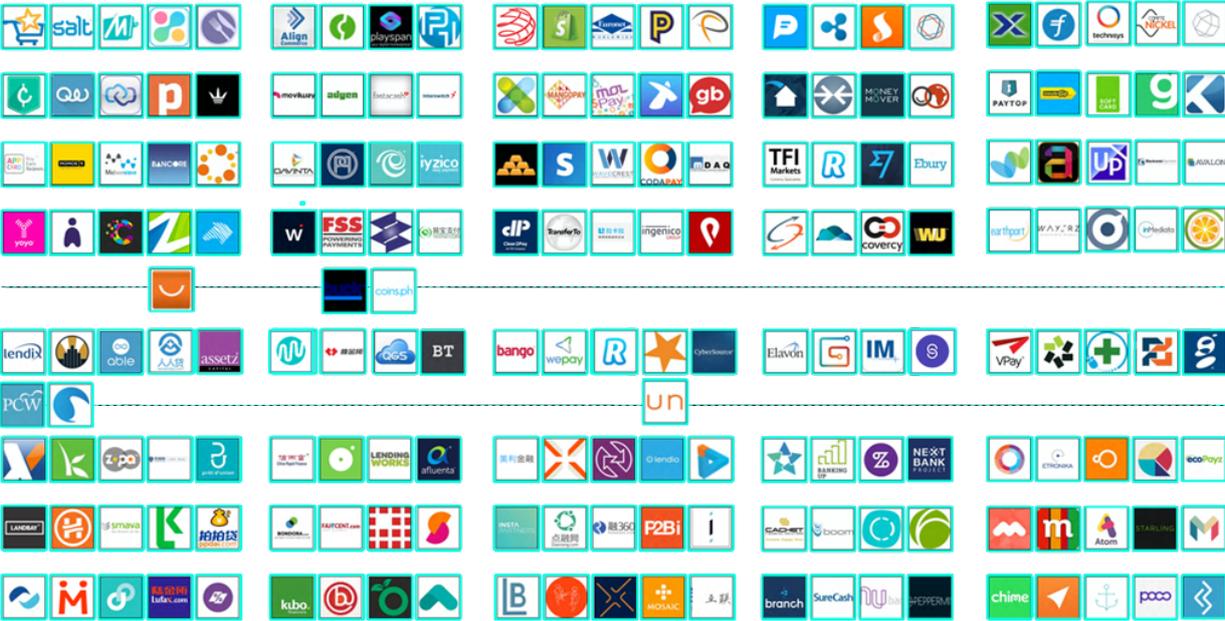
In terms of crypto operations, we cover compliant wallet integration (something banks are yet to tackle) and have a more sophisticated platform compared to available exchanges.

Another sector of interest is Neobanks (mobile-only banks), with 40 startups in Europe, 25 in the US and 16 in Asia.

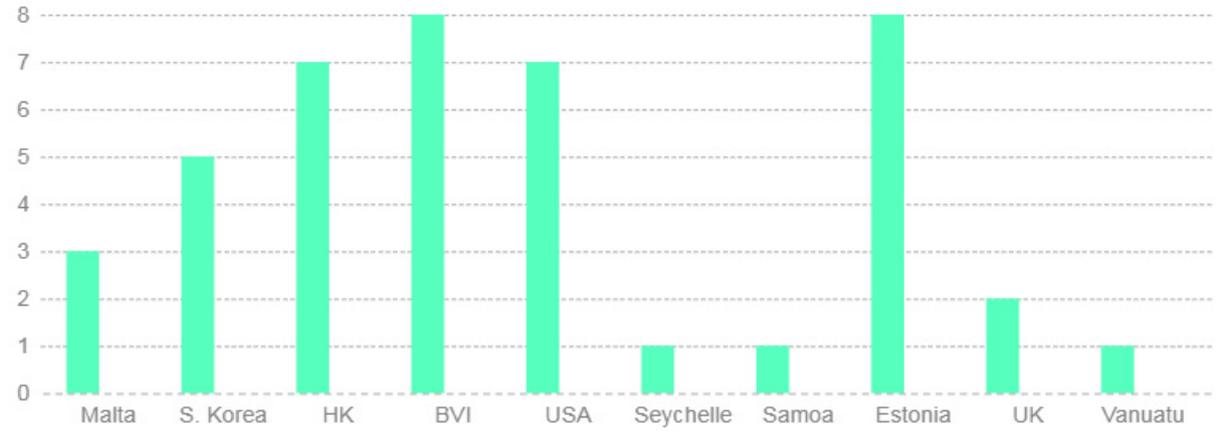
The relevant cryptocurrency exchange space consists of more than 50 global services (excluding very small ones).



# the fintech landscape



jurisdictions - number of exchanges registered under crypto-friendly jurisdictions



Most services register in a fiscal paradise and in jurisdictions with virtually zero regulation. Morfin registers and operates from Luxembourg, EU member, where it can operate under an EMI license.

PROJECT	AML	LICENSE	FUNDING	REGISTRATION	HEADQUARTERS	LIVE SERVICE
MORFIN	ID mapping blockchain forensics	EMI	VC+STO	Luxembourg	Luxembourg	no
FOTONBANK	n/a	none	ICO	Malta	Russia	yes
WIREX	blockchain forensics outsourced	EMI	VC	UK	Russia	yes
REVOLUT	n/a	bank	VC	UK	Russia	yes
SAIFU	blockchain forensics outsourced	EMI	ICO	Czech Republic	Russia	yes
BITWALA	blockchain forensics outsourced	Solarisbank	VC+STO	Germany	Germany	no
MYCRYPTOBANK	n/a	Estonian wallet license	ICO	Estonia	Russia	no
FOUNDERSBANK	n/a	undisclosed	STO	Malta	China	no
BABB	n/a	none	ICO	UK	India	no

We researched both existing services that offer similar features and services in various stages of development. Some of the relevant factors where Morfin has a definite advantage are the AML/KYC policies, licensing, funding strategy, jurisdiction and registration.

All competitors who have an AML policy deal with outsourced forensics on the Blockchain. Compared to them, Morfin also adds ID mapping. The Identity (ID) mapping service maintains relationship information between mapped Windows and UNIX identifiers to provide consistent access control across file sharing protocols within an access zone.

Licensing via Electronic Money Institution law is one of the most reliable, as is a banking License.

In terms of jurisdictions, Malta, preferred by startups, is one of the most relaxed jurisdictions and will emit a license in the shortest amount of time.

ICO funding is yet controversial, while VC and STO formulas offer a legal framework that protects investors from exit-scams and pump-and-dump schemes.

Morfin is the only service in the works that focuses primarily on features for cryptocurrency users. Unlike other similar initiatives, it also connects to banking (with IBAN account and debit cards and by offering the highest existing degree of compliance). Morfin also offers the largest range of peer-to-peer services, including peer-to-peer ATMs, exchange and lending.

In terms of accommodating cryptocurrencies, Morfin again has no competitors in the realm of existing or work-in-progress services.

	MORFIN	FOTOB.	WIREX	REVOL.	SAIFU	BITW.	MYCB	FOUND.	MYCB
IBAN	YES	YES	YES	YES	YES	YES	YES	YES	YES
DEBIT CARDS	YES	YES	YES	YES	YES	YES	YES	YES	YES
MULTICURRENCY WALLET	YES	NO	YES	YES	YES	NO	YES	NO	YES
CRYPTO WALLET	YES	YES	YES	NO	YES	YES	YES	YES	YES
STO PLATFORM	YES	NO	NO	NO	NO	YES	NO	NO	NO
P2P FX	YES	NO	NO	NO	NO	NO	NO	NO	YES
P2P ATM	YES	NO	NO	NO	NO	NO	NO	NO	YES
P2P LENDING	YES	NO	NO	NO	NO	NO	NO	NO	YES
COMMUNITY OWNED	YES	NO	NO	NO	NO	YES	NO	YES	YES
SOCIAL FUNCTIONS	YES	NO	NO	YES	NO	NO	NO	NO	YES
DEPOSITS	NO	NO	NO	YES	NO	YES	NO	NO	YES
INSURANCE	NO	NO	NO	YES	NO	NO	NO	NO	NO
EXTERNAL INTEGRATION	YES	NO	NO	NO	NO	NO	NO	NO	NO



## TOXIC COMPETITION ENTRIES

We previously mentioned what we considered to be healthy competitors who do not pose immediate risk to customers and investors.

We feel there are some unhealthy business models that will hurt their investors, the customers and the whole ecosystem, and they deserve a separate section.

What most of these services have in common is the existence of a utility token sold in an ICO. These tokens do not represent equity and are not directly linked to any of the company assets or revenues in fiat currency.

Monaco – No equity, 50% of tokens still not in circulation. Token value reflects in discounted fees and access to products and collaterals for crypto credit. Monaco tokens are a medium of exchange and are not linked to company profits.

2getherno – Equity. Team keeps 44% of tokens internally, all benefits are paid in tokens. The economics is overcomplicated and not linked to fiat economics. 2getherno also overcomplicates rules just in order to add speculative value and manipulation mechanisms.

Tap – No equity. Medium of exchange token, 50% controlled by founders. No link to company profits or assets. Unrealistic promises and no product.

## [05] SCOPE OF WORK



### ISSUES ON THE MARKET

**Usability today** -- Regardless of the very fast transactions happening inside cryptocurrency exchanges, spending money and crypto in the non-virtual economy is still slow. Exchanges are isolated from the fiat economy, where people earn and spend money. Bringing funds in an exchange or spending crypto or fiat located in an exchange is a time consuming, multi-step process, with multiple fees and roadblocks.

**Usability with Morfin** -- Morfin Connects cryptocurrencies to the traditional economy in real time. It offers a personal finance manager connected directly to the banking system, public blockchains and trading platforms. Morfin is one step closer to a more mature crypto market, where users benefit from institutional protection as well as personal freedom and privacy.

**Trust today** -- Most of the existing crypto service providers are unregulated. Many security risks are not addressed. Along with security risks, the lack of a legal framework exposes the platform to many other risks: compliance, custody risks, capital risks, funds safeguarding and so on. This impacts the transparency of the platforms that are not required to subject to regular audits. Compliance on crypto is difficult to achieve, but not having any kind of supervision brings a major risk for the platform. Most frequently, their operations have been suspended due to major criminal investigations, with customer funds being locked for long periods of time or even seized.

**Trust with Morfin** -- Morfin emits security tokens and operates under an EMI license. This means we are subjected to audits and regular inspections from EU independent auditors. We made it a priority to create partnerships with regulated suppliers and to apply the principles of KYC/AML and TF laws. We address all these risks ourselves instead of putting the compliance burden on clients. The compliance policy was created to fulfill every requirement of existing regulations in the European financial sector and to anticipate potential updates necessary to address new challenges from the public blockchain space.

**Decentralization and transparency today** -- Most cryptocurrency adopters value the decentralization provided by public blockchains. The ability to control your own assets, to keep



full custody of your funds and to trade peer-to-peer is something that centralized exchanges and Neobanks heavily compromised. A large part of the blockchain value is lost. Although blockchain itself offers transparency, the transactions happening inside the exchange ledger or bank ledger are not directly written into the blockchains. This is a compromise that speeds the operations for exchanges but creates an opaque chain of operations that makes them unaccountable and rise manipulation suspicions.

Decentralization and transparency with Morfin – Decentralization is a growing trend in many other segments of the market, inside and outside of the virtual currency space. Morfin offers users from all fronts (fiat and crypto) the chance to become their own bank, to control their own finances and provide financial services to each other. The platform was built with pure decentralization and transparency in mind, bringing extensive knowledge from the crypto ecosystem where this concept was applied at an advanced level.

## SOLUTION ELEMENTS

**We bring the qualities of public blockchains to the general public. While a service like AirBnb doesn't require a fully-serviced slate of technologies to decentralize hosting, a financial service with the same goal in mind needs to access both the proper FinTech and the fully-compliant legal framework.**

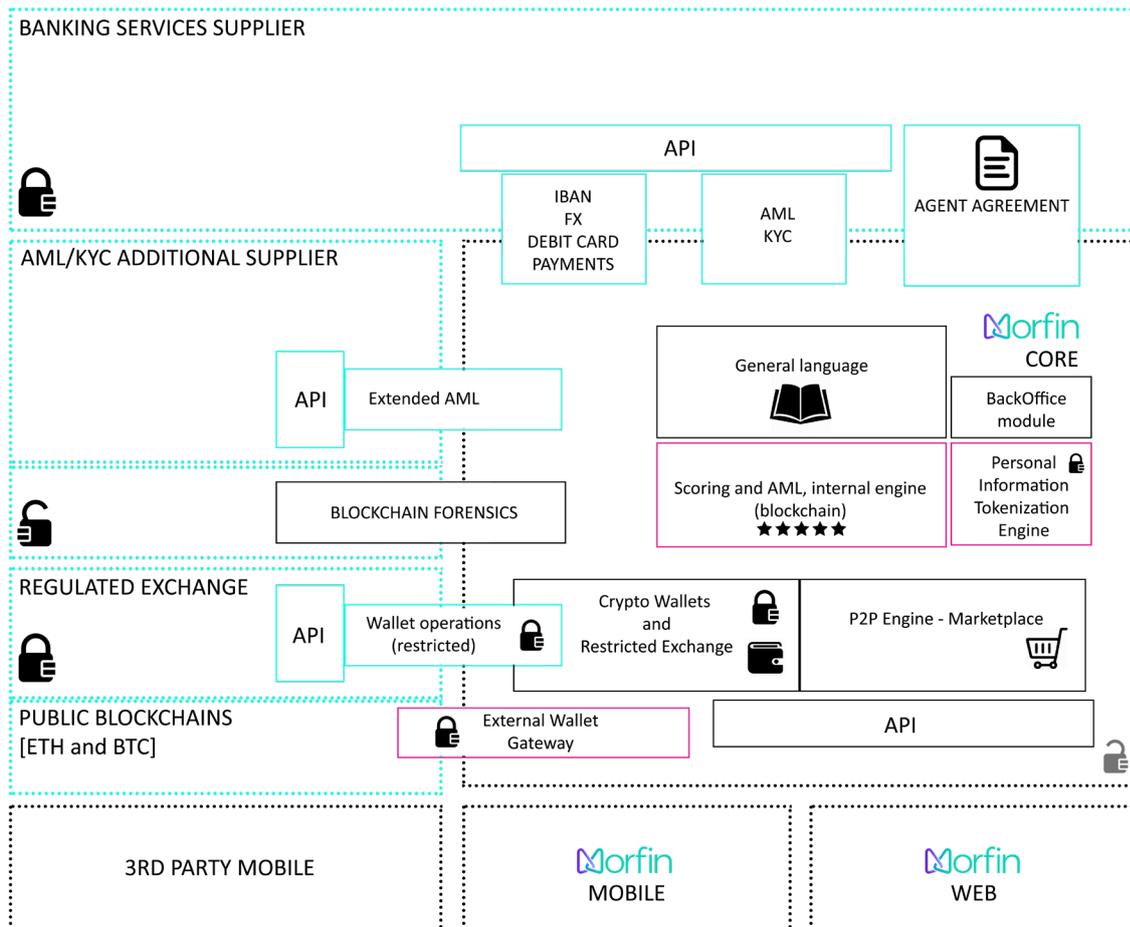
Morfin is primarily a peer-to-peer, decentralized financial platform. We create a proper setting for decentralized economies to function. Users can operate transactions, credit lines, loans, trading and FX markets, financial services in a peer-to-peer and no intermediary fashion. For security, compliance and fiat-crypto conversions, the body of the app has multiple joints anchoring relevant systems to Morfin.

## ELEMENTS IN THE BACKEND

Morfin is an aggregate-platform. At the center there is a core product that connects to various vital suppliers inside the community, including banking, AML and KYC, blockchain forensics and regulated exchanges.

General principles when we built the back-end:

- 
- deconstruct everything in small use cases
- create a feedback loop with all external interfaces
- streamlined flow with very granular risk control
- creating a compliance standard for dealing with external exchanges.



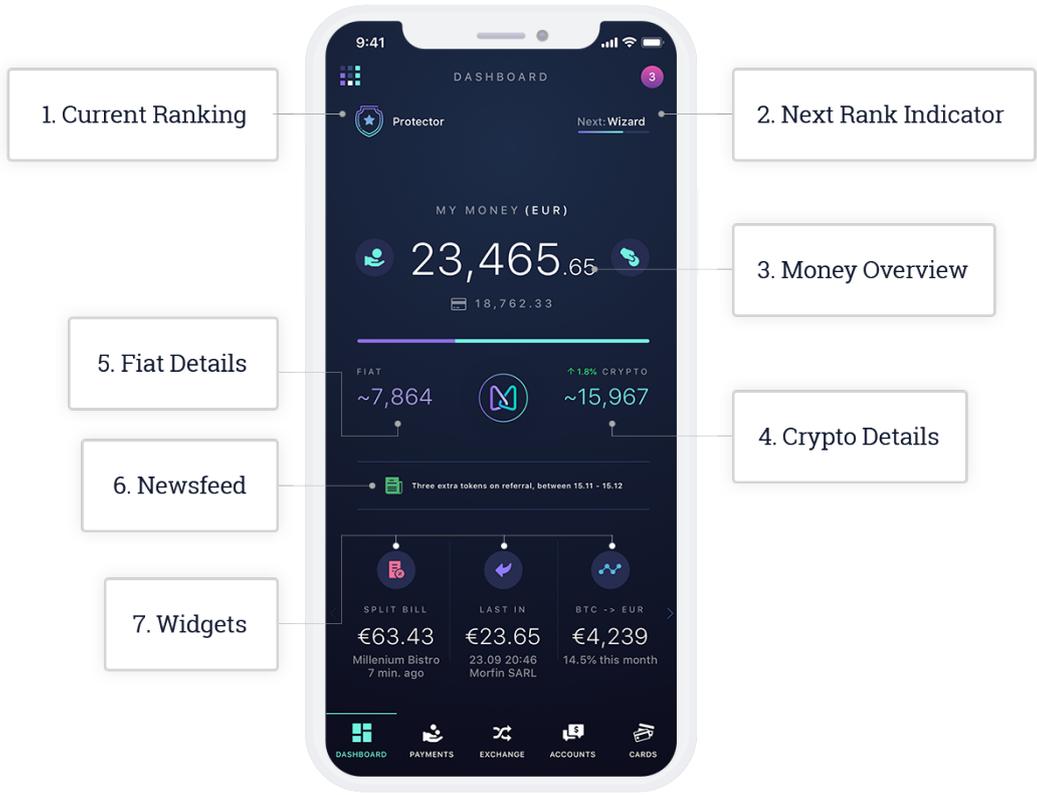
## MORFIN CORE

The Core implements all the business logic. What our client sees is a familiar-looking banking app packed with features. Under the hood, there is an entire verifiable system (open-sourced in terms of processes, architecture, data and parts of the code).

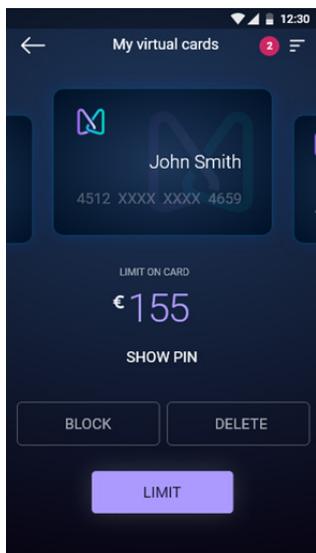
- Channels to suppliers of compliance services, to banking systems across Europe, to liquidity providers and to blockchain forensics and licensed providers for KYC/AML technology.
- Integration with external wallets and external exchanges. Internal wallet with custody for operations that require instant execution or scheduled transactions (see Security And Compliance for further details on custodial accountability).
- The peer-to-peer engine that allows customers to interact without intermediaries.
- Risk scoring engine for individual profiles, in a transparent fashion, in order to rate user risk profile and credit risk for the peer-to-peer lending.

# MOBILE AND WEB APPLICATION

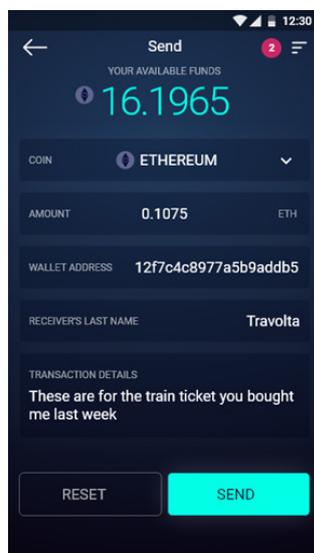
Morfin core is already under development. The app implemented the ranking system partially, the user interface and widgets. Payment and exchange systems are set in place and up for integration with external suppliers. Some account management tools are already functional.



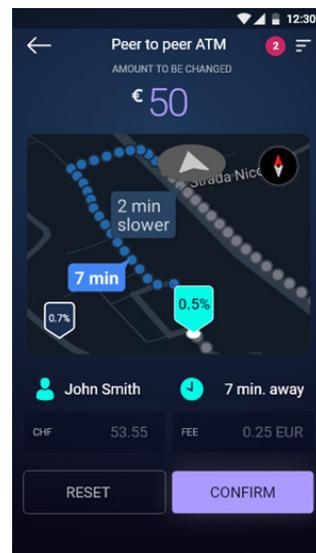
Morfin Core connects seamlessly to external service providers via the user interface. Existing elements (coded and implemented) of the core include the cryptocurrency wallet, FIAT eWallet with IBAN, token governance and some basic peer-to-peer services.



compliant and secure wallet



peer-to-peer services



account management features

## EXTERNAL SUPPLIERS

An important part of Morfin is based on a railways system to external suppliers, to ensure full compliance with traditional systems, banking and institutions. Morfin is opening important avenues for peer-to-peer regulated services in the financial space. This is an ongoing process that ensures not only current compliance, but the building from scratch of a bridge of trust between other systems in the blockchain space.

All external suppliers work under a delegation control framework, and are reevaluated periodically using the KPIs defined in the framework.



### **Blockchain forensics**

External wallets that interact with Morfin services will be subjected to quarantined operations until approval from a blockchain forensics unit (automated or manual). Our goal is to create a community that is properly whitelisted, for the protection of honest users. Blockchain forensics is the first step that gains confidence from the institutional and banking sectors and ensures accounts of honest users against freezing and harassment.

### **European banks**

Connecting existing banking accounts of our users to the Morfin application will allow the users to manage all their personal finances from a single app. We believe in a free economy and want to give to users the opportunity to take advantage of any good products and services not yet offered by Morfin but in the user's bank portfolio.

### **External exchanges and wallets**

Morfin doesn't fence users in. It is an open platform that invites the users to plug into the platform their existing wallets and existing accounts from external exchanges. Similar to PSD2 integrations for third party providers we will use exchange APIs and Wallet APIs to allow users to manage non-custodial and custodial assets in a holistic way on the Morfin platform.

### **Liquidity providers**

To make sure any kind of currency exchange transaction (crypto or FIAT) can take place on our platform regardless of the native peer to peer offering on the marketplace inside the platform, we are connected to liquidity providers such as regulated exchanges and specialized liquidity providers. Peer to peer transactions have priority but we do not expect to be able to fulfill all the orders from the internal marketplace.



## STRATEGIC PARTNERS

### CHAINALYSIS

No.1 Blockchain forensics, Chainalysis helps crypto businesses detect fraud and prevent money laundering.

### JUMIO

End-to-end ID and identity verification and authentication solutions to fight fraud, maintain compliance and onboard good customers faster.

### COMPLYADVANTAGE

Industry-Leading Compliance Database and AML Screening Platform.

### BITSTAMP

The world's first regulated crypto exchange that will provide Morfin with liquidities and real-time pricing for cryptocurrencies listed.

### CLEARJUNCTION

Provider of compliant payment infrastructure services to meet the growing needs of global financial companies.

### The LHoFT

Luxembourg's public-private dedicated Fintech support organization

### INFRACHAIN

Non-profit organization supported by the Luxembourg government and created by the emerging Blockchain-industry.



## PLATFORM SECURITY AND COMPLIANCE

**Defensive behavior means anticipating requirements from institutions and banks and implementing them. The purpose of the digital assets compliance is to apply the same AML/KYC rules the banking sector conforms to.**

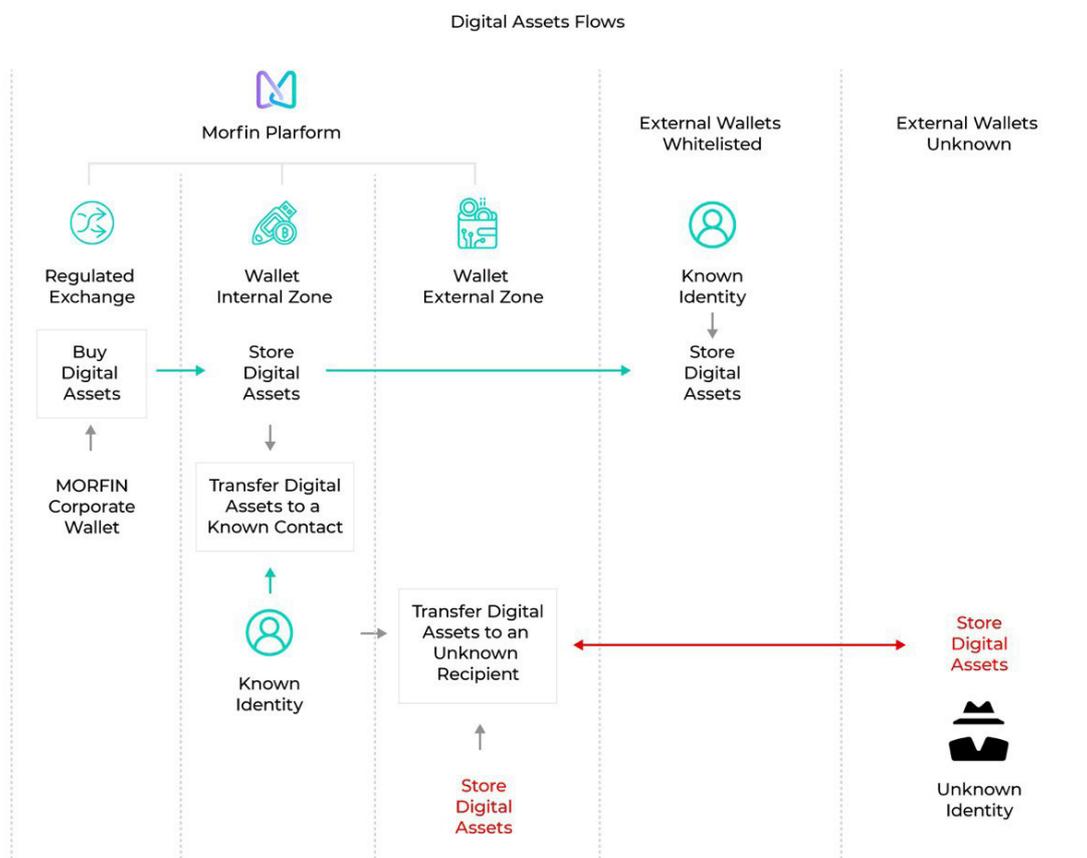
Morfin is the first fully-compliant peer-to-peer financial service for both crypto and fiat.

Crypto users activate on a highly unregulated market, with poor compliance standards. This does not mean immunity from repercussion.

For our clients' safety, compliance standards should prevent any kind of illegal activities involving tokens, cryptocurrencies, smart contracts or assets issued on public blockchains.

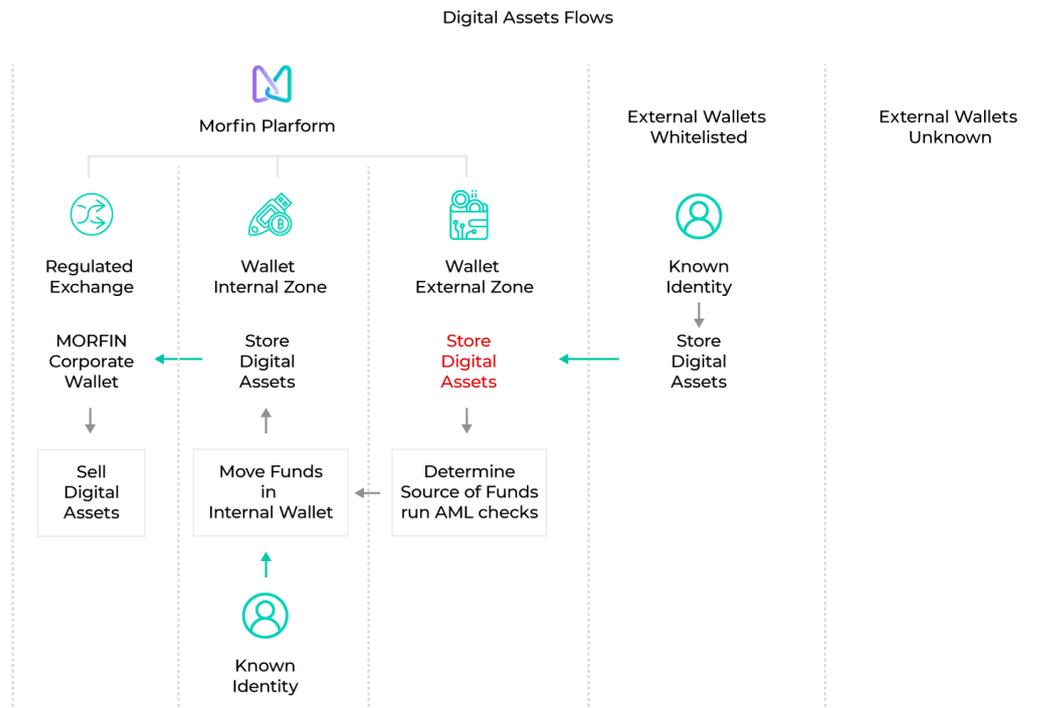
### General principles

To make sure we uphold compliance standards, we are aware at all times where the digital assets are, who they belong to and where they originate.



The architecture of the platform uses compartments to minimize risk of handling digital assets and to be in control of the flow.

In order to buy digital assets inside the platform and send them to whitelisted wallets of known identities, the flow implements the same rules as any regular banking system. To receive digital assets from a known entity the funds must pass standard AML checks.



All transactions with unknown entities are isolated outside the flow of known entities and away from the rest of the services Morfin provides (such as FIAT accounts and regulated exchanges).

To receive digital assets from a known entity, funds pass AML checks.

This ensures Morfin customers of the best practices and prevents their wallets from being tainted unknowingly.

## digital assets compliance program

Using blockchain to validate customer behaviors, in conjunction with information gained through customer diligence processes.

Consistent blockchain monitoring through blockchain forensics, to detect potential illicit transactions through connector tracking and plain text analysis, as well as digital wallet connections.

Identifying when customers (and their transacting partners) use tumblers to conceal source of funds and maintain anonymity.



Investigating instances when customers may be using a licensed, reputable exchange to move funds from less-compliant crypto platforms back into banks.

Using the ID verification tools readily available on the market to prevent fraud and identity theft.

Implementing basic cybersecurity principles of firewalls and gateways, security configuration, malware prevention and access management to protect customer assets and data.

Monitoring potential market manipulation by both customers and employees.

Calibrating transaction alert thresholds to account for the current volatility of cryptocurrency values.

## Client privacy measures

Morfin is looking for the ethical balance between regulations and ownership over assets and personal information.

Morfin Core stores customer personal information in an encrypted form, hashed so that decryption is impossible. Any exchange of personal information with external entities (except those enforced by law) will be tokenized. If we need to collect the customer data because of outsourcing or delegation of some functions (such as KYC) through other entities, the customer is informed and all the rights concerning personal data will be given to him in accordance with the GDPR regulation.

## Funds ownership

Just like any other exchange, Morfin acts as a custodian for the internal wallet. Some of the funds will be stored in cold wallets for security reasons. For the internal wallets the solution will be externalized to Ledger or BitGo alike business solutions for the start. These solutions include governance and multisig wallets. The linked external wallets (private wallets and exchange wallets) are 100% under the ownership of our user. The API keys or wallet keys will be stored solely on the customer's device.

## Security measures

The platform employs features like dual factor and biometric authentication. The keys of personal wallets will only be stored inside the app on the client's side. The application implements several security restrictions like prohibiting running the external script or other methods of tampering with the software. For transparency reasons, relevant parts of the code will be openly sourced on GitHub, excluding those that might have security implications. Regular penetration testing will be done.

# SECURITY ZONE OPERATIONS



Morfin operates within the EU legal framework. This automatically implies that during the first expansion round the project targets European countries that adhere to the common legislation (the internal zone). Countries that are blacklisted by European authorities will not be covered until further notice or official whitelisting.

	EXTERNAL ZONE TO ...	INTERNAL ZONE TO ...	UNKNOWN ADDRESS TO ...	WHITELISTED ADDRESS TO...	FIAT TO...	OTHER MORFIN MEMBER TO...
... EXTERNAL ZONE	NO	NO	YES	NO	NO	NO
... INTERNAL ZONE	if source whitelisted	YES	NO	YES	YES	YES
... UNKNOWN ADDRESS	YES	NO	outside Morfin	monitored by Morfin rating	NO	NO
... WHITELISTED ADDRESS	NO	YES	monitored by Morfin rating	monitored by Morfin rating	NO	YES
... FIAT	NO	YES	NO	NO	FX internal or p2p	YES
... OTHER MORFIN MEMBER	NO	YES	NO	YES	YES	YES



## FEATURES

### Decentralized banking

- Users can manage any spare assets just like a bank, investing on the crypto and fiat market or loaning/lending assets inside the Morfin community.
- Peer-to-peer functions including payments, ATM, lending/borrowing and exchange/FX.
- User-scoring system will include gamification and users interactions with each other

### Friction-free operations

- Fast account setup. Less than 5 minutes to open the online bank account, available on mobile and web.
- Easy management of money and digital assets directly from the mobile wallet
- Easy to use mobile wallet app that allows for everyday operations using your card or your phone and spending any currency (crypto or FIAT).
- 24/7 access to accounts and near – instant confirmations.
- Accounts always available, no working hours or bank holidays

### Global operations

- Near-instant payments – debit cards, virtual cards, NFC payments, SEPA transfers and international payments,
- Crypto payments via stable coins (USDT/DAI)
- Exchangeto any currency and make payments to your home country bank account into your home country currency (\*EU states)

### Full transparency

- Transparent fees and commissions, no hidden costs.
- Partially open-sourced
- Accountable, accredited service with public audits and security checks from EU authorities.
- Transparent and clear about the use of customer data. Fine print explained.
- Trnsaprent about our business, compliance and internal processes

### Integration with external services

- Integration with banks in various countries that implemented PSD2 for third party providers.
- Integration of external crypto or exchange wallet and with private wallets hosted on the user's phone.

### Crypto-friendly

- Cryptocurrency integration. The chance to manage digital assets while staying compliant balancing your the risk and convenience between own wallets and hosted wallets.
- Support for security tokens issuing platforms.
- Removing any unnecessary complexity

### Money management

- Recurring payments and budget planning
- Complete set of tools for travelers (like split bill, cheap FX, p2p ATM)
- Business and personal accounts
- Accounting and invoicing tools
- Support for security tokens issuing platforms.
- Removing any unnecessary complexity

## [07] TIMELINE

### FUNDING ROADMAP

february 2019

**[excluding founders money]**  
**150k eur** - Luxinnovation grant  
risk reduction action plan, prepare BETA

september 2019

**2.5M - 5M**  
marketing, prepare public release  
own EMI, partner wallet

march 2020

**5M - 15M**  
scale up, B2C features complete,  
partnership with banks

june 2020

EMI licensing

february 2021

**20M - 60M**  
Aggressive growth  
Additional B2B features, target on profitability

The milestones represent an over-simplified roadmap showing the funding needs related to completion of technical roadmap.

Unlike most crypto projects we believe in sustainable and fair financing. We do not ask for the full funding of a long and risky technical roadmap. We think money should be released to projects gradually, according to the capacity to execute on the promises.



The milestones below represent the path to creating one of the most efficient personal and SME finance management platform.

## FEATURES ROADMAP

MINIMUM FUNDING

MAXIMUM FUNDING

MINIMUM FUNDING	2019	MAXIMUM FUNDING
mobile app   crypto wallet   eWallet with IBAN integration	Q2	mobile app   crypto wallet   eWallet with IBAN integration
debit cards	Q3	debit cards
external wallet integration   referral program	Q4	external wallet integration   referral program
<hr/>		
	2020	
integrating users' external bank account   business accounts	Q1	integrating users' external bank account   business accounts   p2p market   integration with external exchange
EMI license   social scoring   expense gamification with rewards	Q2	EMI license   social scoring   expense gamification with rewards   p2p FX   geographical expansion   expense tags BI   expense prediction AI   in-app token governance
p2p marketplace   expense tags BI/expense prediction AI	Q3	p2p ATM   request money links
p2p FX, in-app token governance	Q4	p2p lending   Eastern European Cards   open source frontend

MINIMUM FUNDING		MAXIMUM FUNDING
	<b>2021</b>	
p2p ATM	Q1	Eastern European currencies IBANs   tools for SME invoicing   VAT   SME automatic invoice payment
p2p lending	Q2	white label solution for banks   AI generated personalized UI on app
Tools for SME invoicing/VAT	Q3	invoice payment OCR and QR   direct debits
Eastern European currencies IBANs	Q4	Layer2 solution integration (Lightning / Cosmos / Plasma) SME tools POS (crypto POS) open source backend
	<b>2022</b>	
Layer2 solution integration (Lightning / Cosmos / Plasma)	Q1	Asia and Africa expansion   Corporate multibanking and multibank cards
Invoice payment OCR and QR	Q2	Crowdfunding features for SME   Alexa / Siri / Google home integration
Crowdfunding features for SME	Q3	Securities trading license (STO platform)
SME automatic invoice payment (send my mail, upload in portal)	Q4	Crypto to crypto smart credit cards
	<b>2022</b>	
	Q1	Escrow accounts
	Q2	Banking license
	Q3	Morfin foundation – social program (1:1 donations, for each paying user one person in need will be helped)
Securities trading license (STO platform)	Q4	Morfin Academy for financial education and sustainable finance

## [08] FINANCIAL PROJECTIONS

Our team projected the rate of growth for five fiscal years, starting with 2019 through 2020, 2021, 2022 and ending with 2023.

There are two funding scenarios – one for the Soft Cap and one for the Hard Cap. Consult the Token Sale chapter for further details.

### SOFT CAP SCENARIO

Private investment + Public Token sale: 2.5M in 2019, 5M in 2020 and 20M in 2021

	2020	2021	2022	2023	2024
REVENUES	260,848	2,867,379	12,875,099	33,880,656	59,334,017
VARIABLE COSTS	-278,923	-2,486,874	-8,865,067	-22,298,693	-36,556,634
FIXED COSTS	-637,229	-2,246,206	-4,461,733	-7,377,115	-10,177,500
EBITDA	-655,303	-1,865,700	-451,700	4,204,849	12,599,882

quarterly cashflow



cummulative cashflow



# HARD CAP SCENARIO

Private Investment + Public Token sale: 5M in 2019, 15M in 2020 and 60M in 2021

	2020	2021	2022	2023	2024
REVENUES	862,485	11,541,068	35,375,118	127,757,715	224,512,653
VARIABLE COSTS	- 943,053	- 10,273,671	- 26,724,631	- 90,487,586	- 148,877,307
FIXED COSTS	- 690,853	- 3,338,453	- 6,441,768	- 16,422,134	- 24,323,974
EBITDA	- 771,421	- 2,071,056	1,208,719	20,847,995	51,311,371

quarterly cashflow



cummulative cashflow





## COST ELEMENTS AND REVENUES

EBIT used above is defined as earnings before interest and taxes and is a measure of profit that includes all incomes and expenses (operating and non-operating) except interest expenses and income tax expenses.

EBIT is in general used by investors as a measure of operating performance from a financial standpoint. At Morfin we are using EBIT indicator for budgeting purposes.

However, EBIT is just one indicator of profitability. The results above represent a simulation of future revenues based on assumptions described earlier in the document.

### Revenues

Morfin platform revenues will be generated primarily from customer accounts for personal use and later (according to the roadmap) for business use.

All accounts will have two revenue streams: transaction fees and subscriptions fees. Some accounts might have both type of revenues or just one or the other.

Our platform is acting as a facilitator and is providing the services through partners from the financial sector in order to connect to payment networks and to provide safe custody for customers funds.

Fees will be collected from transactions on the platform and set to 0.95% for basic accounts. During the first year of development, Morfin will support premium and business accounts with flat fees.

The conversion rate to premium accounts and business account was calculated to 3% and 2% (only from year 3). This represents a very conservative approach since our team plans to launch them in year 2 or earlier.

Two other streams of revenue are interchange fees that we automatically get back from the payments networks and white label integrations (which will also be available later, according to the roadmap).

### Variable costs and revenues

Variable costs are banking services fees such as payments networks (SEPA, SWIFT, VISA /Mastercard) fees per transaction, bank account creation, card issuance and maintenance fee per user, compliance costs (KYC/AML per user), and AML suspicious transactions checks per transaction.

Other variable costs are tied to crypto exchange fees per transaction volume, blockchain forensics services and AML.

## [09] SECURITY TOKEN OFFERING

**Disclaimer:** *this chapter does not represent the final token holder agreement nor the final investment memorandum for the security token offering. This section is just for informative purposes and might be changed by Morfin. The final documentation (investment memorandum) for the security token offering will be provided at the security token offering launch. All the detailed terms and conditions will be included in the token holder agreement.*

Security tokens represent a right to future financial flows resulting from the main activity of the issuer of the token. In the case of Morfin, security tokens are shares, which offer dividend rights. In other words, by purchasing security tokens, you become a shareholder in the company. This grants you decision power (by blockchain voting) and a percentage of the profits of the company, paid regularly directly into your wallet.

This is a first token issuing event which will be followed by others according to the funding roadmap. Next events will likely start from a higher valuation in line with the company size.

UTILITY TOKENS	V S.	SECURITY TOKENS
"ICO"	<b>DENOMINATION</b>	"STO"
Services or goods. Access to a decentralized network.	<b>TOKENIZATION OF...</b>	Assets. Fund. Equity. Debt. Financial products.
Few countries have defined their status as utility tokens, mostly in Europe and Singapore. USA mainly considers utility tokens as securities.	<b>APPLICABLE LEGISLATION</b>	Existing securities laws should be considered as applicable in most countries.
10-15B USD	<b>RAISED SO FAR</b>	<1B USD
Internally or via a platform	<b>ISSUANCE</b>	Compliance platforms and blockchain standards appear mandatory to respect the strict regulations.
Any blockchain allowing the creation of a token	<b>BLOCKCHAINS</b>	Any blockchain allowing the creation of advanced smart contracts creation
ERC20	<b>TOKEN STANDARD</b>	(ERC20) permissioned (ERC1400 for example), ERC725/735 to manage identities

## Investor's path

### **Sign a compliant smart contract**

When you invest in an STO, you effectively sign a (smart) contract with the backing company. STOs are regulated and comply with EU legislation. The contract is token holder agreement implemented on blockchain.

### **Acquire tokenized ownership**

Once tokens are issued you can store them in your wallet. You can transfer ownership (sell) in a p2p transaction with any person who passed the KYC or trade them on our regulated security token partner exchanges.

### **Product development**

You get to support the development of a platform that stands for a more mature crypto market, anchored in both banking and blockchain worlds. Your tokens give you decision power on which direction the project should go.

### **Enjoy the profit sharing**

Once we are on the market and making a profit you can earn regularly passive income from your tokens.

### **Exit your investment**

After the lock-up period you will be able to trade your tokens on security token exchanges and peer to peer.

## Advantages of security tokens for investors

- 24/7 open markets
- Fractional ownership on various asset (fractional ownership possible)
- Direct rights to company equity
- Better liquidity and no lock up period compared to VC investing
- Better prices through bidding process
- Protection from scams and crimes, in a regulated space

Direct and easy involvement in company governance. Through the issuing of tokens, our platform will allow participants (any person or legal entity) to acquire Morfin Security Tokens, which will pass KYC/AML verification during the token sale. Countries that represent very high risk or where such offerings are prohibited by law are excluded.

The Morfin Security Token will be tradeable on specialized exchanges for security tokens. More of these exchanges are expected to go live in the near future, which will create more liquidity for this type of asset.

- Participation to 3% from Morfin's profits and exit proceeds (hard cap scenario at a total valuation)
- Tag along rights if more than 50% of the company is sold to another investor
- Liquidation preference to receive payout

## TOKENOMICS

The key objective for our STO is to create value for supporters in the early stage of development. We plan to emit up to 5 million EUR worth of shares in the first seed round. Out of these shares up to 2.5 million EUR worth of shares will be offered in a public offering as summarized in the table below. The rest of the shares of value up to 5 million EUR will be distributed to accredited/sophisticated/institutional investors worldwide. Contact us directly for details at [info@morfin.io](mailto:info@morfin.io).

### 0.5 M EURO soft cap

### 2.5 M EURO hard cap

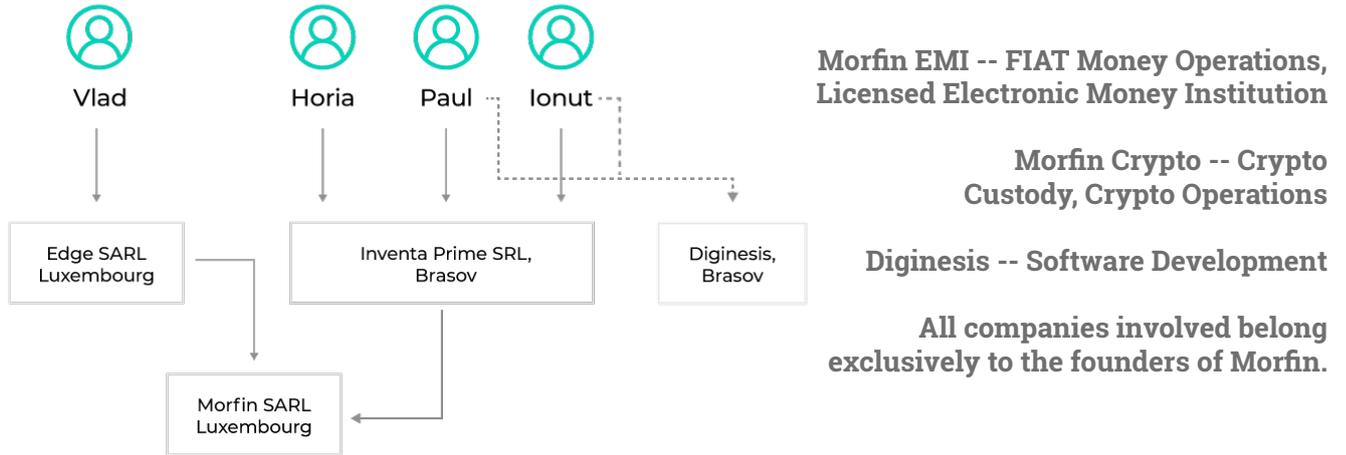
Funding Type	SEED ROUND 1
Dividends:	YES
Voting rights:	YES(no governance)
Platform services discounts	YES
Presale date:	30.11.2019
Sale date:	10.12.2019
Equity	500,000 - 2,500,000 EUR
Company valuation (pre-money):	33 millions EUR
Minimum investment	150 EUR
Accepted currencies	EUR, BTC, ETH
Blockchain	ethereum(ERC-20)
KYC procedures required Jurisdiction	EU member states

# [10] TEAM

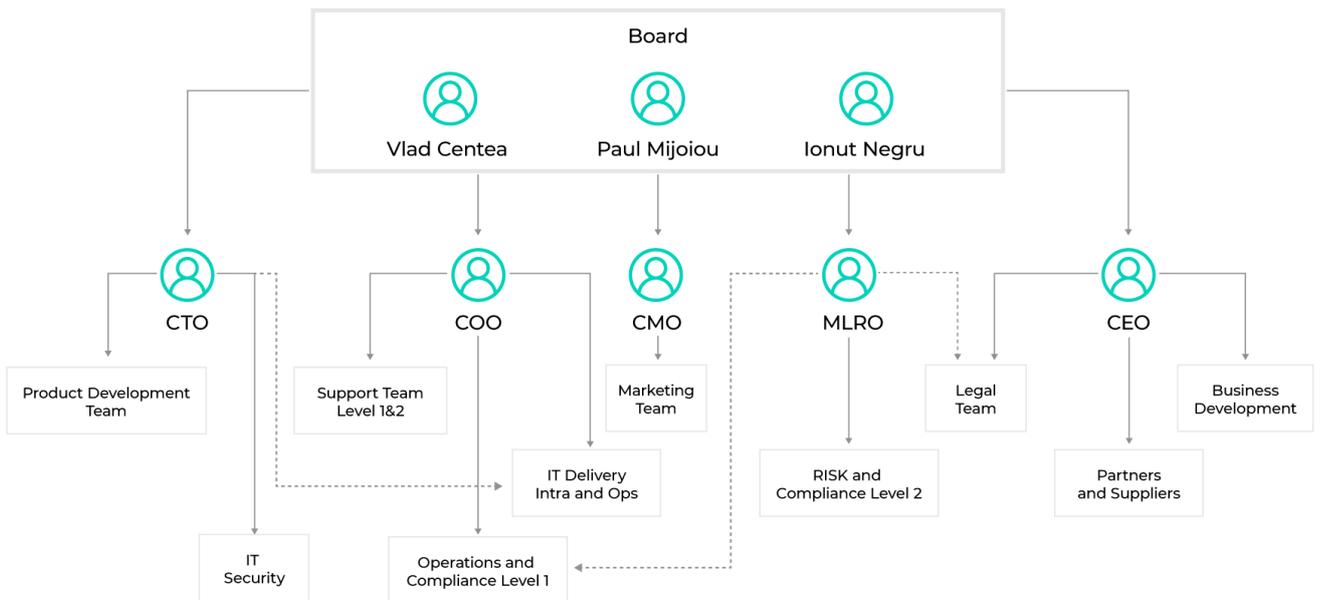
Our team details can be found on our website:

<https://morfin.io/company/>

## company structure



## management structure



## get in touch!



For more details on our product or on the STO procedures, please don't hesitate to get in touch directly with the Morfin team.

Rue de Laboratoires, 1911, Luxembourg  
Registration Number B228318

[info@morfin.io](mailto:info@morfin.io)

[www.morfin.io](http://www.morfin.io)



## ...or schedule a meeting with founders

[meetingrequest@morfin.io](mailto:meetingrequest@morfin.io)

## community pages

twitter [@morfindotio](https://twitter.com/morfindotio)

telegram [@morfindotio](https://t.me/morfindotio)

slack [@morfindotio](https://morfindotio.slack.com)

reddit [@morfindotio](https://www.reddit.com/user/morfindotio)

facebook [@morfindotio](https://www.facebook.com/morfindotio)

# [11] TERMS OF STO, RISKS AND DISCLAIMERS

## PLEASE BE AWARE

Morfin.io is not a credit institution and is operating in partnership with an Electronic Money Institution. Morfin SARL is in the process of obtaining a Electronic Money Institution license in Luxembourg and the terms “bank” or “banking” are used just in relation to future activities when Morfin.io will obtain the necessary authorizations. Currently Morfin SARL is supervised by the Financial Conduct Authority from UK, and is seeking to be supervised in the near future by the “Commission de Surveillance du Secteur Financier” from Luxembourg.

This document is not a prospectus under the definition in the Regulation EU 2017/1129 and is just for informative purposes. This document should not be considered investment advice, or a binding proposal. Various document sections might be modified in the future before the start of the security token issuing event, including the security token offering section. The final document will be published at the start of the token issuing event.

These are speculative securities that involve a high degree of risk. Only those investors who can bear the loss of their entire investment should invest in securities.

It is solely directed at persons authorized to invest in share of Morfin.io and residing in jurisdictions where the distribution and sale of the shares is not prohibited. The upcoming token offering is not addressed to persons subject to US taxation laws or that are filed on the current country list of high risk and other monitored jurisdictions of the Financial Action Task Force (FATF) as well as high risk according to Coface Country Risk Assessment. Persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions.

## MAXIMUM RISK

The maximum risk of the investor may exceed the total loss of the amount invested in acquiring the investment.

This chapter explains the main risks associated with direct investment in securities investments. Every investor should read this chapter carefully before making an investment decision. The presentation of the risks of the financial position does not replace the possibly necessary advice of the investor by technically suitable advisors. It cannot be ruled out that further risks may arise from the personal situation of the investor. The amount of capital invested by the investor should be commensurate with the economic circumstances of the investor and should only be an appropriate proportion of his total assets, consistent with his personal investment and risk profile. The investment described in this whitepaper has been prepared on the basis of the economic data available at the time of the whitepaper and the current legal and taxation environment. Legal, tax or economic conditions may change during the term of the investment, with the result that other legal, tax or economic risks occur that are not identifiable at the time of publication of the investment memorandum.

The following risks may occur individually or cumulatively. The classification into risk categories in this whitepaper and its order below do not give any indication of the likelihood of occurrence or the significance or severity of the individual risks. The total loss of capital invested is highly likely if the issuer becomes insolvent and has to file for bankruptcy.

this whitepaper and its order below do not give any indication of the likelihood of occurrence or the significance or severity of the individual risks. The total loss of capital invested is highly likely if the issuer becomes insolvent and has to file for bankruptcy.

## RISKS IN DETAIL

### (A) Forecasting risks

This Investment Memorandum contains forecasts (e.g. profit and loss forecast). The realization of these forecasts can not be predicted. There is a risk that the budget figures and forecasts will be weaker and to the detriment of the token issuer and the investor. This can lead to the revenue not being paid on time or not being paid in full.

#### (B) Regulatory risks

The platform operator assumes that it does not require any further regulatory authorizations for its business operations as it operates using e-wallets provided by ClearJunction to store customer funds. ClearJunction is an licensed electronic money institution. Given the current political debate surrounding the legal treatment of Blockchain products, this can change and an additional license might be required. The platform operator will apply for all required licenses, including its own electronic money institution license, but there is no defined timeframe receiving such a license or guarantee for success. In case of regulatory changes that will require platform operator to apply for a new license it might be necessary to stop operations.

#### (C) Network risks

The platform operator is absolutely dependent on the Ethereum Blockchain and it working technically. This not only means a basic functionality, but also that the blockchain is not used by such a large number of users that the transaction speed decreases so much that the Platform Operator can no longer operate their business meaningful.

#### (D) Currency risks

The fact that the investment can also be acquired against Ether leads to a considerable currency risk. On the one hand, if the investor has acquired Ether against the Euro or against another currency, including cryptocurrency, it is conceivable that due to price fluctuations, the Ether price will rise to such an extent that later disbursements to investors made exclusively in Euros will not be sufficient to earn the same amount of Ether.

So, if investors for some reason depend on having the amount of Ether they used to purchase the asset at a later date, they may not be able to benefit from the cash outflows.

On the other hand there exist currency risks for the Morfin. If Morfin does not immediately exchange the received Ether into Euros, but rather holds it in part or in whole for exchange into Euros at a later date, it is conceivable that at that time the price of the Ether has fallen so much that the Euro amounts obtained by Morfin are not sufficient to reach the planned coverage of expenses related to the business plan. Morfin would then not be able to make all the necessary investments to develop the business and there would be restrictions in business operations, which could be so extensive depending on the extent that they may threaten the solvency of Morfin.

#### (E) Key people risks

The quality of the Morfin corporate decisions depends largely on the capabilities, experience and network of the Morfin directors. There is a risk that the persons responsible for the management of Morfin at the time of the publication of this Investment Memorandum and thereafter during the term of the investment may change, new suitable persons must be found who have the necessary expertise and industry knowledge to manage Morfin. There is a risk that suitably qualified persons can not be found or that the following persons who work in executive management positions do not prove to be suitably qualified and thus make decisions that a prudent businessperson would not make. This may have a negative effect on the solvency of Morfin and, if necessary, lead to the insolvency of Morfin. This can lead to a total loss of the capital invested by the investor.

#### (F) Tax risks

The tax classification of the Security Token is uncertain. So far, as far as can be seen, such a product has not yet been offered, and income from it has not been declared for tax purposes. There is also no so-called binding information from the tax authorities regarding the tax classification of the Security Tokens.

Above all, the risk for Morfin from this unclear tax classification lies in the fact that it is not completely ruled out that the income generated by the sale of the Security Token is subject to VAT. If this were the case, Morfin would have to pay corresponding sales tax from the revenue. This is not provided for in the financial planning and would considerably reduce the net proceeds of Morfin. It is doubtful if it will be able to achieve its goals. It is also conceivable that Morfin in this case must take up further financing on poor terms or if such necessary financing is not obtainable for Morfin, and it is threatened with insolvency and bankruptcy. This will most likely cause a total loss of the investor's investment.

Furthermore, Morfin assumes that revenues which are to be regarded as VAT-exempt for Morfin and other owners of the so-called Morfin security tokens. If this is not the case, Morfin - as well as the other owners of Morfin security tokens - would have to pay sales tax on the payments received. This is

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If the debt financing is not available, this would very likely result in the insolvency of Morfin and thus also with high probability the total loss of the investor.

#### (G) Liquidity risks

If Morfin is experiencing liquidity difficulties due to unexpected expenses and / or missing or late revenue and / or is underperforming, Morfin will not be able to pay dividends or the nominal value of the token plus the additional payment at the end of the fixed term. If experiencing liquidity difficulties Morfin may be in a situation of insolvency and may even be forced to file for bankruptcy. In this case, the total loss threatens the capital invested by the investor.

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#### (H) Risks associated with debt financing of Morfin

Morfin may borrow capital, for example in the form of bank loans. There is a risk that Morfin will not receive any revenue or revenue from its own operations, or receive the revenue at a later date than calculated. In this case, Morfin may be forced to borrow. The use of borrowed capital may result in Morfin being burdened with debt obligations that affect the claims of the investor. It is conceivable that Morfin may not be able to meet the interest or repayment claims arising from borrowing. In this case, Morfin may become insolvent. From this the investor may lose its total investment.

## DISCLAIMER

Morfin.io is not a credit institution and is operating under an agent agreement as an Electronic Money Institution. Morfin SARL is performing any financial services just as a tied agent and the terms “bank” or “banking” are used just in relation to future activities when Morfin.io will obtain the necessary authorizations. Currently Morfin SARL is supervised by Financial Conduct Authority from UK, and is seeking to be supervised in the near future by the “Commission de Surveillance du Secteur Financier” from Luxembourg.

This document is not a prospectus “per se” under the definition in the Regulation EU 2017/1129 but is just for informative purposes. This document should not be considered investment advice, or a binding proposal.

These are speculative securities that involve a high degree of risk. Only those investors who can bear the loss of their entire investment should invest in these securities.

It is solely directed at persons authorized to invest in share of Morfin.io and residing in jurisdictions where the distribution and sale of the shares is not prohibited. The upcoming token offering is not addressed to persons subject to US taxation laws or that are filed on the current country list of high risk and other monitored jurisdictions of the Financial Action Task Force (FATF) as well as high risk according to Coface Country Risk Assessment. Persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions.