

Security Law Opinion of the SPY-token

March 14, 2018

To the Members and Board of Directors of the Team of GlobalSpy OÜ (private limited company, incorporated in Estonia; Registry code 14448253; Registered office address: Harju maakond, Tallinn, Kristiine linnaosa, Mooni tn 18, 10613 and all potential owners of the SPY-token

You should not rely on this Opinion as legal advice. It is designed for general informational purposes only, as a guide to certain of the conceptual considerations associated with the narrow issues it addresses. You should seek advice from your own counsel, who is familiar with the particular facts and circumstances of what you intend and can give you tailored advice. This Opinion is provided “as is” with no representations, warranties or obligations to update, although we reserve the right to modify or change this Opinion from time to time. No attorney-client relationship or privilege is created, nor is this intended to be attorney advertising in any jurisdiction.

We have prepared this legal opinion with regard to SPY-token which comprises its analysis as of March 14, 2018 in accordance with so-called Howey Test applicable in the United States and other similar tests of other countries.

The test allows estimating legal and financial risks and defining the nature of the SPY-token, whether or not it is a security. In case if the SPY-token is defined as a security, a regulatory and financial burden may take place.

The final decision on the nature of the SPY-token is the responsibility of the Company's management. Our responsibility is to express an opinion on the SPY-token based on the GlobalSpy OÜ's White Paper (“GLOBAL SPY OFFICIAL WHITEPAPER” available at https://www.globalspy.eu/global_spy.pdf).

Our opinion is mainly based on the following statements from the White Paper:

- “Global Spy offers solutions to receive accurate, complete and quickly delivered information on the chosen currency, initial coin offer, team members, history of the company behind the coin or the key personnel in the company. Global Spy services start from Quick Service all the way to large-scale investigations performed by our professional investigations team which may even include personal contacts, inquiries, and visits. We carry out investigations on any business activity using our existing methods and tools. The subject of our assessment is not limited to cryptocurrencies.
- The only payment method we will accept on the platform is SPY-token. None of the services can be bought with any other method. This creates a demand that ensures that the need for SPY-token remains high. This is also needed for the way SPY token investigations can pay the customer back or even turn a profit for the customer who ordered a report.
- A customer who has received the results of an investigation will financially, and automatically, benefit if another customer orders a similar report on the same

cryptocurrency or ICO. This type of service is unique in the market. Compared to similar services currently available, we can carry out more thorough and faster research due to our experienced investigators and the best tools currently available. Thanks to our toolkits and access rights to many databases we can assess for example the business history of companies and their managers, credit information of individuals, their ownership or business links to companies, the owners of internet domains or even which car they have registered under their own or company names. In the end, if the data available does not provide a sufficient level of clarity we may also visit the subjects to obtain the necessary assurances. All countries manage data differently. Data providers and registers are not aligned in the various countries. This is why it will be necessary for us to join further registers and data providers in the coming months.

- With our Spy Token, you may order information regarding companies, team members, their token, the business history of team members, etc. You may also use our Quick Service to obtain information through the automated search engine.”
- “Global Spy will launch different services which will be paid with Spy tokens. The list of the services is as follows:
 - Investigation of an existing company and team members who have launched a currency or are close to launching one. We will use Twitter, Facebook, LinkedIn and other social media. We will also analyze data on public registers.
 - 1+ more detailed and deeper investigation of a company and team members who have launched a currency. For this, we will also use non-public registers. We will investigate historical business data, tax history, credit information, etc.
 - Confirmation of company addresses through personal visits, further assessments of the historical data from non-public databases. We will conduct a currency and project risk analysis.
 - Special investigations to respond to the individual needs of our customers. Price is negotiated on a case by case basis. The client will decide whether the results will be offered to others.
 - Quick Service to obtain information through the automated search engine. Automated search engine search requested from all our databases and registries.
- All costs to investigators will be paid by selling SPY-tokens back to market so every SPY-token will be back in circulation. Our global investigators around the world can do their work at very cost-effective prices, so research results will also be sold on very competitive token prices. We are still hiring extra personnel to some areas, and we will post these positions on our webpage after the ICO. Global Spy is strongly supporting its investors, and the first step after initial coin offer is to buy our position to one of the major exchanges so that the investors can easily trade with the SPY tokens.”

We conducted our analysis in accordance with the US Supreme Court case of SEC v Howey and its application in the context of Section 2(a)(1) of the Securities Act of 1933 (“Securities

Act”) and Section 3(a)(10) of the Securities Exchange Act of 1934 (“Exchange Act”), and best practices prepared by the cryptocommunity. In the context of the SPY-token, the test can be expressed as three independent elements. All three elements must be met in order for the SPY-token to be a security:

1. An investment of money
2. in a common enterprise
3. with an expectation of profits predominantly from the efforts of others.

In accordance with the attached analysis, we concluded that the SPY-token has only two elements (one of them is not expressed clearly) out of necessary three elements which mean that the SPY-token is not a security.

Artem Kobrin,
CEO at LegalPilot OÜ

The Analysis of the SPY-token

Element 1: Investment of Money			
Characteristic		Points	Y or N
There is no crowdsale. New tokens are given away for free, or are earned through mining		0	N
Tokens are sold for value (crowdsale)		100	Y
Total for Element 1			100
Element 2: Common Enterprise			
Characteristic		Points	Y or N
Pre-deployment		70	Y
The protocol is operational on a test network		60	N
Live network is operational		50	N
All token holders will always receive the same returns		25	N
There is a possibility of varying returns between token holders, based on their participation or use of the network		-20	Y
Total for Element 2			50
Element 3: Expectation of Profit			
Characteristic		Points	Y or N
Ownership or equity interest in a legal entity, including a general partnership		100	N
Entitlement to a share of profits and/or losses, or assets and/or liabilities		100	N
Gives holder status as a creditor or lender		100	N
A claim in bankruptcy as equity interest holder or creditor		100	N
A right to repayment of purchase price and/or payment of interest		100	N
No function other than mere existence		100	N
Specific functionality that is only available to token holders		0	Y
Manual action is required outside of the network (e.g. off-blockchain) in order for the holder to get the benefit of the token		80	N
All functionality is inherent in the token and occurs programmatically		0	Y
Pre-deployment		20	N
The protocol is operational on a test network		10	N
Live network is operational		0	Y
Token holders as a whole are able to control the development team's access to funds		-20	N
Token holders as a whole are able to vote on significant decisions for the protocol		-10	N
Marketed as an 'Initial Coin Offering' or similar		50	Y
Marketed as a Token Sale		0	Y
There is no economic return possible from using the network		-100	N
Results			
Total Points	How likely is the element to be satisfied?		
0 or less	Very unlikely	Total for Element 1	100

1 - 33	Unlikely	Total for Element 2	50
34 - 66	Equally likely and unlikely	Total for Element 3	0
67 - 99	Likely		
100 or more	Very likely	Overall Risk Score	0