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By electronic email

Turnaround TV S.A.S / Stéphane Schweitzer
2 bis rue Fallempin
75015 Paris

Dear Sir,

LEGAL ANALYSIS IN RELATION TO WHETHER THE INFAMOUS TOKENS (AS DEFINED HEREIN) ARE SECURITIES UNDER FRENCH LAW

A. INTRODUCTION

1. We have been instructed by Turnaound TV S.A.S, a company incorporated in France under Company Registration Number: 815339379 00019 ("**Company**"), to provide a legal analysis on whether the the Infamous token ("**$IFMS**") fall within the ambit of "securities" as contemplated under the French Monetary and Financial Code ("**MCF**").

2. This memorandum relies on (i) the information that was shared with us by the Company, (ii) the factual background contained in this memorandum and (iii) the information contained in the document named « NFamous_Presentation_Deck » which has been shared with us electronically on December 16, 2021 ("**Document**").

3. This legal analysis is limited, and relates solely, to the MCF as at the date of the legal analysis. This legal analysis is confined to matters of laws of France and is given on the basis that it will be governed and construed in accordance with the laws of France. Accordingly, we do not express or imply any opinion whatsoever as to any laws other than the laws of France and we have made no investigation of any other laws which may be relevant to the Document submitted to us.

4. Furthermore, the legal analysis is confined to the analysis described in paragraph (1) above and does not include a review or opinion with regard to the operations of the Company or the Project (as defined herein), whether or not such operations are regulated under the MCF or otherwise.

5. Our statements have been given on the basis of our interpretation of the relevant provisions in the MCF and current practice, and where we provide a statement in the legal analysis, we are expressing our view but this does not guarantee that a court or any other regulatory authority of France would necessarily come to the same view.

6. We express no opinion as to the tax laws of France, or the tax treatment or consequences of the Document or the transactions contemplated by the Document.

7. The legal analysis is given on the basis that there has been no amendment or supplement to, or termination or replacement of the Document.

8. This legal analysis is limited to the matters stated in this legal analysis and is not to be read as extending by implication or otherwise to any other matter in connection with the Document or otherwise, including but without limitation, any other document signed or to be signed in connection therewith or pursuant thereto.

9. This legal analysis is given on the basis of the laws of France in force as of the date of the legal analysis. We undertake no responsibility to notify any present addressee or future recipient of this legal analysis of any change of the laws of France or its application after the date of this legal analysis that may alter, affect or modify the opinion expressed in this legal analysis.

10. The statements in this legal analysis are to be considered as a whole and no single statement in this legal analysis is to be extracted and referred to independently.

11. Headings in this legal analysis are for reference only and shall not in any manner affect the interpretation of any statement in this legal analysis.

12. This legal analysis may only be relied upon by you and only for the purpose of determining the regulatory treatment of the Infamous Token under French law.

B. FACTUAL BACKGROUND

13. The Company intends to issue, sell and distribute a fixed number of digital tokens by way of private sale, initial dex offering and/or initial exchange offering ("**Offer**"). In preparation for the Offer, the Company has issued 750,000,000 units of ERC20 tokens on the Ethereum blockchain ("**Tokens**") located at the smart-contract address 0x52E9bA28cf4cE93713411d40FF5B79Be7722acB2.

14. The Tokens, with $IFMS as ticker symbol, are associated with a community project powered by a decentralized autonomous organization (DAO). The purpose of the DAO is to foster the career of select influencers, bloggers and models who can be elected to receive free professional photo

shootings, Instagram stories, individual recommendations and/or a bonus of $IFMS 10,000 ("**Project**"). It is specified that the election of the winner is entirely based on the assessment of the holders of the voting rights in the DAO, without room for hazard or randomness[1].

C. LEGAL BACKGROUND

The regulatory framework of digital assets, tokens and coins in France

15. France created a legal framework for digital assets and tokens pursuant to the PACTE Act of 22 May 2019. The PACTE Act defines two categories of digital assets ("actifs numériques"):

(a) Tokens ("jetons"), which are intangible assets representing digitally one or several rights that may be issued, registered or transferred through a distributed ledger that allows the direct or indirect identification of the owner of the token[2]; and

(b) Cryptocurrencies, which are either:

- Any digital representation of value which is not issued or guaranteed by a public authority and does not qualify as legal currency, but is accepted by legal or natural persons as a medium of exchange, and can be transferred, stored or traded electronically; or
- Tokens that do not qualify as financial instruments.[3]

16. Contrary to some other European countries, the AMF has not chosen to distinguish tokens in its official doctrine based on their purpose (*e.g.* payment tokens, utility tokens, or investment tokens). In a publication dated 22 February 2018, which was a summary of the answers received to its public consultation on the regulation of ICOs, the AMF mentioned that tokens can broadly be categorized between utility tokens and security tokens. However, that publication is not an official position of the AMF and, in any case, the PACTE Act of 22 May 2019 has invalidated this former position. Therefore, we consider that the categories of "utility tokens," "payment tokens," and "investment tokens" do not have any legal value in French financial law.

17. However, we note that the definitions created by the PACTE Act broadly cover the same realities:

- "Tokens" would be similar to utility tokens;
- "Cryptocurrencies," under their main definition,[4] would be similar to payment tokens; and
- Digital assets qualifying as financial instruments would be similar to investment or "security tokens."

[1] There is a general ban on gambling relating to games of chance (Article L.320-1, French Code of Homeland Security.
[2] Article L. 552-2 of the MCF..
[3] Article L. 54-10-1 of the MFC.
[4] Under French law, digital assets also include tokens. We refer to the other part of the definition of digital assets: *"any digital representation of value which is not issued or guaranteed by a public authority and does not qualify as legal currency, but is accepted by legal or natural persons as a medium of exchange, and can be transferred, stored or traded electronically."*

18. The PACTE Act further created a regulatory framework for the entities issuing digital assets and those providing services on digital assets.

19. First, the issuance of tokens (*i.e.* an initial coin offering or "**ICO**") is allowed and does not require any specific regulatory status. However, issuers of tokens may apply for an optional approval with the Autorité des marchés financiers (the French regulatory authority in charge of financial markets – "**AMF**"). The following conditions need to be met by issuers applying for an approval: (i) the issuer must be a legal entity incorporated in France, or registered in France through a branch; (ii) the issuer must prepare a white paper providing detailed information on the offering and the issuer itself; (iii) the issuer must implement adequate procedures to track and safeguard the funds raised in the ICO (especially if digital assets are raised). The AMF's approval is mostly seen as a marketing tool with limited legal effect, since it is meant to prove that the token's issuer is trustworthy. However, the approval also allows the issuer to broadly advertise and market its offering in France, while non-approved issuers are subject to marketing restrictions.

20. Secondly, the PACTE Act created a legal framework for digital assets service providers ("**DASP**"). DASPs are entities providing the following services:

- Custody of digital assets or cryptographic private keys;
- Purchase or sale of digital assets against legal currency;
- Purchase or sale of digital assets against other digital assets;
- Operation of a digital assets trading platform; and
- Various other services related to digital assets: receipt and transmission of orders on behalf of third parties, portfolio management, investment advice, underwriting, and placing with or without a firm commitment.

21. The DASP regime is also partially optional. Any entity may apply for a DASP license to provide the abovementioned services. Licensed DASPs are subject to various obligations that are quite similar to those applicable to investment services providers.

22. However, it is now mandatory to obtain a registration with the AMF to provide the following services: (i) custody of digital assets or cryptographic private keys, (ii) purchase or sale of digital assets against legal currency, (iii) purchase or sale of digital assets against other digital assets, and (iv) operation of a digital assets trading platform.

23. When the PACTE Act was enacted, only the entities providing the services of custody of digital assets and purchase or sale of digital assets against legal currency were required to register with the AMF. A government decree dated 9 December 2020 extended that registration requirement to the providers of the service of purchase or sale of digital assets against other digital assets, and operation of a digital assets trading platform.

24. Obtaining a DASP registration is easier than obtaining a license, and registered DASPs are subject to fewer obligations. In addition, registered DASPs can also apply for a license to provide any digital assets service.

25. Finally, please note that, outside of financial law, a regulation of the Autorité des normes comptables[5] (Accounting Standards Authority) states that, from an accounting perspective, digital assets should be treated like tokens. That regulation further distinguishes (i) "debt" tokens (which represent a claim on the issuer), (ii) tokens which represent goods or services to be sold in the future by the issuer, and (iii) tokens whose issuance does not create any specific obligation for the issuer. These distinctions are used to determine the accounting treatment of tokens, and cannot be used, in our opinion, to assess the legal qualification of a token under financial law.

The French regulation of financial instruments

26. Under French law, the regulation of investment services applies exclusively to financial instruments.

27. French law does not provide a definition of financial instruments, but merely states that financial instruments are either securities (*titres financiers*) or financial contracts (*i.e.* derivatives).[6]

28. Securities (or *titres financiers*) are not defined either under French law. Instead, Article L. 211-1, II of the MFC provides a list of the instruments which qualify as securities: (i) equity securities issued by joint-stock companies, (ii) debt securities, and (iii) units or shares in collective investment undertakings.

29. Then, the MFC only provides limited definitions of each of these three categories:

- Equity securities issued by joint-stock companies include shares and other securities that give, or could give, access to the capital or voting rights.[7]
- Debt securities represent a debt claim over their issuer.[8]
- Units or shares in collective investment undertakings represent an ownership right over the assets owned by either an undertaking for collective investments in transferable securities (UCITS) or an alternative investment fund (AIF).

30. The notion of financial instrument derives from the law of the European Union. The applicable framework is the Directive 2014/65/EU of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"). MiFID II is not directly applicable since it is a directive; each Member State of the European Union is expected to transpose the directive in its own national law.

31. MiFID II does not provide a "functional" definition of financial instruments either, since it states that financial instruments means *"those instruments specified in Section C of Annex I."*[9] Section C of Annex I states that financial instruments are (i) transferable securities, (ii) money-market instruments, (iii) units in collective investment undertakings, and (iv) various categories of derivatives.

[5] Regulation no. 2020-05 of 24 July 2020 of the Accounting Standards Authority.
[6] Article L. 211-1, I of the MFC.
[7] Article L. 212-1 A of the MFC.
[8] Article L. 213-0-1 of the MFC.
[9] Article 4(15) of MiFID II.

32. MiFID II actually provides a definition of transferable securities:[10] 'transferable securities' means those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:

(a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;

(b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;

(c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures;

33. Therefore, the definition of transferable securities under MiFID II adds a condition that is not directly included in the French law definitions: the negotiability on capital markets.

D. LEGAL ANALYSIS

Equity securities

34. The functions associated to the Tokens do not grant any right in the capital of the Company (or any other entity) or right to vote at any shareholders meeting, nor does it give the right to participate, when the Company is wound up, in the assets of the Company remaining after all the debts of the Company have been paid.

35. Furthermore, the Tokens do not create any obligation being liabilities in the Company such as the liability to pay calls and the liability to contribute to the assets of the Company in the event of a winding-up.

36. In addition, we note that the Tokens appear to be, each, a discrete unit in nature, and do not exist as a fund.

37. Based on the foregoing, we are of the opinion that the Tokens do not (i) represent share or stock in the share of stock capital of the Company (or any other entity), (ii) confer any liability on a token holder such as liability pay calls or to contribute to the assets of the Company (or any other entity) in the event of a winding up or constitute a series of mutual covenants with the shareholders of the Company (or any other entity) *i.e.* **do not represent equity securities under French law.**

Debt securities

38. Debt claims include any debenture stock, bond, note and any other debt securities issued by or proposed to the issued by a corporation or any other entity or securitization mutual fund, whether constituting a charge or not, on the assets of the issuer.

39. We understand that the Tokens do not confer, and do not purport to confer, any right or interest on the Token holders to call for redemption of the Tokens by the Company (or any other entity) or to

[10] Article 4(44) of MiFID II.

require the Company (or any other entity) to repay the Token holders any part of the consideration paid by the Token holder to the Company.

40. Furthermore, the Offer does not appear to be an invitation to deposit money with or to lend money to the Company (or any other entity) or represent, or purport to be instruments representing, any form of indebtness.

41. **For the reasons stated above, the Tokens do not have the typical features of debt securities.**

Units or shares in collective investment undertakings

42. We note that there is no arrangement between the Token holders with the Company in respect of any potential profits, income or other payments in return from the ownership of the Tokens. Any other potential profits, income or other payments or returns that Token holders may receive are solely dependent on a future potential appreciation in the value of the Tokens through secondary trading of the Tokens. Token holders have control over how to manage their Tokens and the Company is not acting as the manager of a fund to generate such profits, income or other returns for Token holders.

43. Therefore, we consider that **the Tokens are not units or shares in collective investment schemes**.

E. SUMMARY

44. Based on the foregoing and subject to all of the assumptions and qualifications made in the introduction of this memorandum, we are of the opinion that the Tokens are not security tokens as contemplated by the French Monetary and Financial Code solely by virtue of the functions described in paragraph 14 of this memorandum.

Yours sincerely,

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