FAIRTRADER

your assurance to fair commerce

The world's first skills based, decentralized, self-governed resolution payment gateway

- Easy Resolution Options
- Automatic Payment Release
- 3 Flexible TransactionTypes
- Smart Invoicing & Reporting
- Smart Contracts & Atomic Swaps
- Security & Privacy

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FAIRTRADER

it's the missing link

1. Have you ever sent an invoice and only received back excuses?
2. Have you worked for a builder who stopped taking your calls after he owed you thousands of dollars in unpaid invoices?
3. Have you made a down payment to a tradesman who never turned up to a job?
4. Has the finished job looked nothing like the original agreement and failed to pass quality standards?

Because at least one time in your life you will hire a tradesman, send an invoice, build or renovate a house, enter into a contract or make an important transaction.

To prevent these common pitfalls Fair Trader will enable the buyer and seller of goods or services to insert a trusted person in the transaction in case a dispute arises.

The transaction will then be encrypted and locked on the blockchain, to ensure no other party can access the funds. All funds will remain locked until the service or goods will be delivered as per original invoice agreement.

Executive Summary

The future of safe commerce in cryptocurrencies is almost here!

Transact with confidence in your favorite cryptocurrencies, including Bitcoin, Ethereum, BNB and stable coins as well as government issued digital currencies. With Fair Trader, all tokens created on Ethereum, Binance Smart Chains and Polygon networks will receive the same level of protection ensuring that neither the buyer or seller can take advantage of each other

Fair Trader will provide a number of flexible options to resolve disputes, to achieve a fair outcome between buyer and seller of goods or services, even in complex technical transactions.

1. Invoice directly from your smart phone with work details, resolution options, and payment release conditions.

2. Payments safely locked on the blockchain until goods or services have been delivered according to the original agreement

3. Automatic payment release upon delivery of goods or services

4. Easy resolution and mediation options if a dispute between buyer and seller arises

5. Trust score is updated for all parties involved including the mediator

Executive Summary

continued...

In addition to resolving disputes, Fair Trader will be a comprehensive, easy to use invoicing platform and payment gateway built on the blockchain that accepts both cryptocurrencies and fiat payments.

Feature rich, Fair Trader will contain the following product suite:

- Easy Resolution Options
- Invoice Templates
- Accepts cryptocurrency, debit cards and fiat currency
- Generate Quotes
- Time Release payments (Escrow feature)
- Milestone Payments

Fair Trader will act as a deterrent to any fraudulent activity as all funds will stay locked until the goods or service have been delivered according to the purchasing agreement.

In case the original agreement has been broken or if one party refuses to co-operate the mediator can reverse, forward or refund part of the transaction after reviewing the dispute.

Fair Trader is also a bridge between cryptocurrencies and fiat currencies. Users of Fair Trader will be able to pay in crypto currency and receive payment in fiat currency on the other end.

In standard crypto currencies transaction, when the funds are sent they leave your wallet forever, and its impossible to recall them back. However, with Fair Trader the buyer can stop the transaction if the seller fails on his agreement, and through the trusted source have the payment returned to back to the wallet.

Fair Trader allows the buyer and seller to insert a trusted person to both parties into the transaction to resolve any conflict between them.

Neither buyer, seller or the mediator can remove the funds unless the goods or services have been delivered according to original agreement.

Our Vision

Fair Trader aims to become the leading decentralised skills based resolution payment gateway built on the blockchain and managed by dedicated community members.

In delivering this vision, Fair Trader will create the Fair Trader platform and applications to ensure fair commerce, stamp out fraud, prevent poor workmanship and ensure both buyer and seller stick the the original agreement.

Once completed Fair Trader platform will allow the community members or any trusted person selected by both parties to resolve any disputes between buyer and seller if they are unable to come to an agreement.

How has this come about

Fair Trader has been developed from the desire to enforce fair business transactions.

It has been well publicised, that sub-contractor tradesmen are owed large debts by developers who just are not paying their suppliers on the agreed time.

Too costly to initiate legal proceedings

Both the tradesman and customers who hire them are unable to recover money owed in unpaid invoices or unfinished work due to extremely complex recovery process and poor law enforcement procedure.

In fact, many have simply walked away from even chasing developers for money owed due to the costly nature to commence legal proceedings.

Debt in Australia's construction industry

In Australia alone an estimated $3 billion in construction industry debts go unpaid each year.

This issue is not just limited to Tradesman. Freelancers and contract staff all have experienced moments of late payment and service delivery disputes resulting in costly legal proceedings to recoup payment.

Fair Trader platform will ensure that both buyers and sellers stick to their agreement

Delivering a Fair Working World For All

Fair Trader is designed to protect those engaged in legitimate business practices and who wish to transact and receive cryptocurrency as payment and backed by a community of experts and mediators

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FTP Process Example

With Fair Trader, the Buyer and Service provider can meet onsite, discuss the work required, the finish date and price. The Seller/Service Provender will then send an invoice with the terms agreed earlier with the Buyer.

The Buyer will make payment or part payment with selected mediation option. Neither party can receive the funds until goods or services have been delivered according to pre-agreed conditions. Both parities are fully protected.

The Service Provider is now confident that the funds will be released when the work will be completed and can safely purchase material required for work or hire additional workers.

The Buyer is confident that the tradesman will not run away with the payment and will deliver on what has been agreed between the parties. The funds will be release only when all pre-agreed conditions are met.

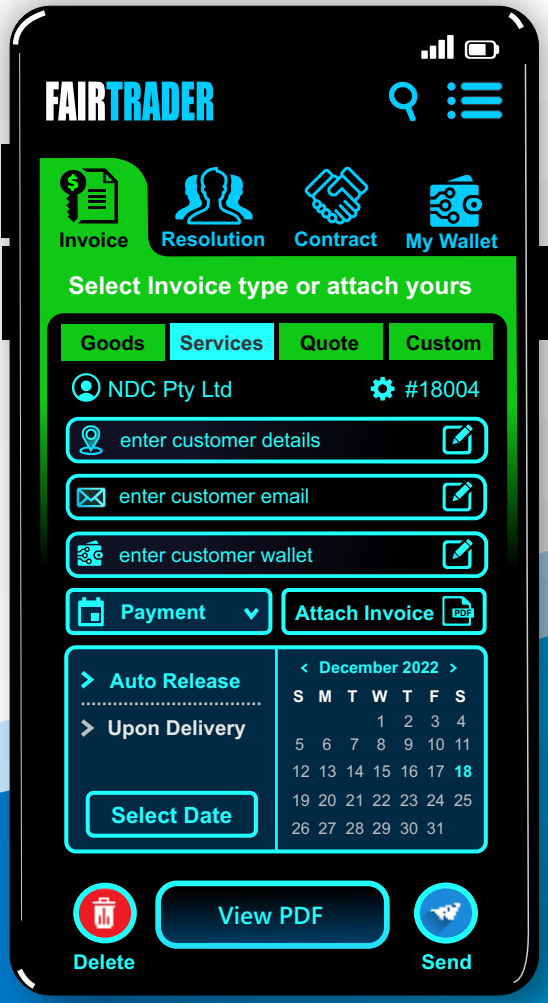
The FTP Solution

Designed for the benefit of any token community, with Fair Trader you can make smart contracts with a tap on your smart phone and the FTP platform will do the rest.

By selecting a trusted person or an independent mediator from the global community, both the buyer and seller can resolve disputes quickly and cheaply without the need of a costly legal battle.

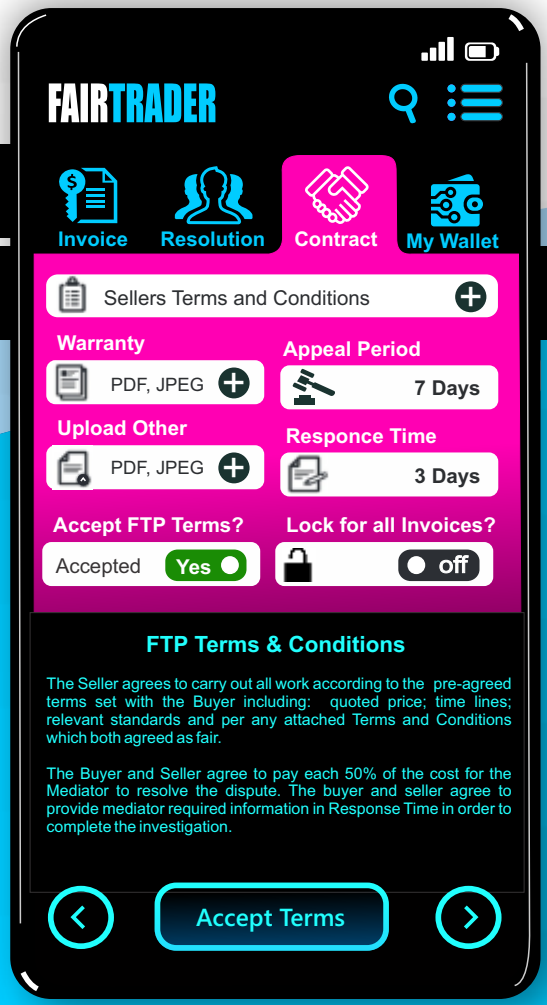
Fair Trader easy as 1, 2, 3...

The future of transacting safely in cryptocurrencies is coming soon!



1. Create Invoice

2. Select Resolution Option



3. Attach Terms and Files

FTP Solution

Decentralised Dispute Resolution Payment Gateway

How does the Dispute and Resolution Portal work?

What type of transactions are possible?

3 FLEXIBLE TRANSACTION TYPES

to suit everyone's payment methods and commerce preferences.

Transaction Example 3:

RESOLUTION: Two Party Only

Both Buyer and Seller may be good friends, or have dealt with each of other for many years. They both decide to settle their deputes in person instead of involving a third party or a mediator

This transaction carries the most risk and unless both parties agree, the funds will stay frozen (until resolved) indefinitely.

Transaction Example 2:

RESOLUTION: Friend / Mentor

Another way to resolve any conflicts is to select a trusted person to both parties. However, this transaction has no Supervisor Appeal option.

Both the seller and buyer decide to select a mutual friend as a mediator to settle any disputes between the parties. The mutual friend is also a fellow Fair Trader and may be known to both parties.

This field can be used by any trusted source who is not an approved mediator by the Fair Trader Community.

This person can also be a rabbi, a priest or a muslim cleric. Thus Fair Trader can easily operate under religious laws of common beliefs.

Transaction Example 1:

RESOLUTION: By Registered Mediator

This type of transaction carries the least amount of risk as the Mediator's decision can be easily appealed and reviewed by a Community Supervisor.

In this example, an Australia Importer of goods selects a Chinese mediator. The mediator is familiar with Chinese trade laws, freight procedures, taxes, and quality control. The Australian importer deposits the funds to the factory with the mediator options selected. The Chinese mediator will inspect the goods and loading into containers before the payment is released.

The Chinese factory wallet will show payment has been deposited and will be released upon mediators inspection of goods. The factory can now buy the material required to complete the order with confidence.

The Mediator willcheck the finished product for quality control and report back to Australian importer. If the goods fail to pass the quality test, the mediator can reverse the transaction if the factory refuses to remedy the problem.

Typical Applications

Fair Trader will provide equal protection to both the buyer and seller of goods and services. It will resolve disputes in both simple and complex transactions such software development, engineering, construction, and any technical industry.

Easy and secure payment platform perfectly suited to run a business

Online Shopping

Our research have shown that people will purchase goods with crypto-currencies a lot more, if there was a way to stamp out fraud and provide the same level of security as leading payment gateways.

Fair Trading Platform will provide safe transactions, halt and reverse transactions, enforce sellers' guarantees, and other innovative options not currently offered on leading Payment Gateways.

Tradesman / Construction

Billions of dollars are lost each year within the trades and services industry. It's now become a common practice for large contracting firms not to pay their tradesman on time or not at all.

On the other hand, many people have become victims to poor workmanship or builders who do not complete the work after receiving a deposit or full payment.

Import / Export

With Fair Trader, the importer can deposit the funds and rely on selected mediator and FTP platform in case of any problems.

The factory owner who is confident in the quality of their goods will be satisfied with payment awaiting them upon inspection of goods by the mediator. If goods fail to pass quality audit, the Mediator will take photos and can reverse the transaction if quality issue are not resolved.

Developing a Community Operated Dispute Resolution Platform

Commercial payment term arrangements can vary enormously. No one doubts that it is clearly in the Seller's' interest to receive payment as soon as possible. However, this may not always be possible due to the various conditions experienced in business matters.

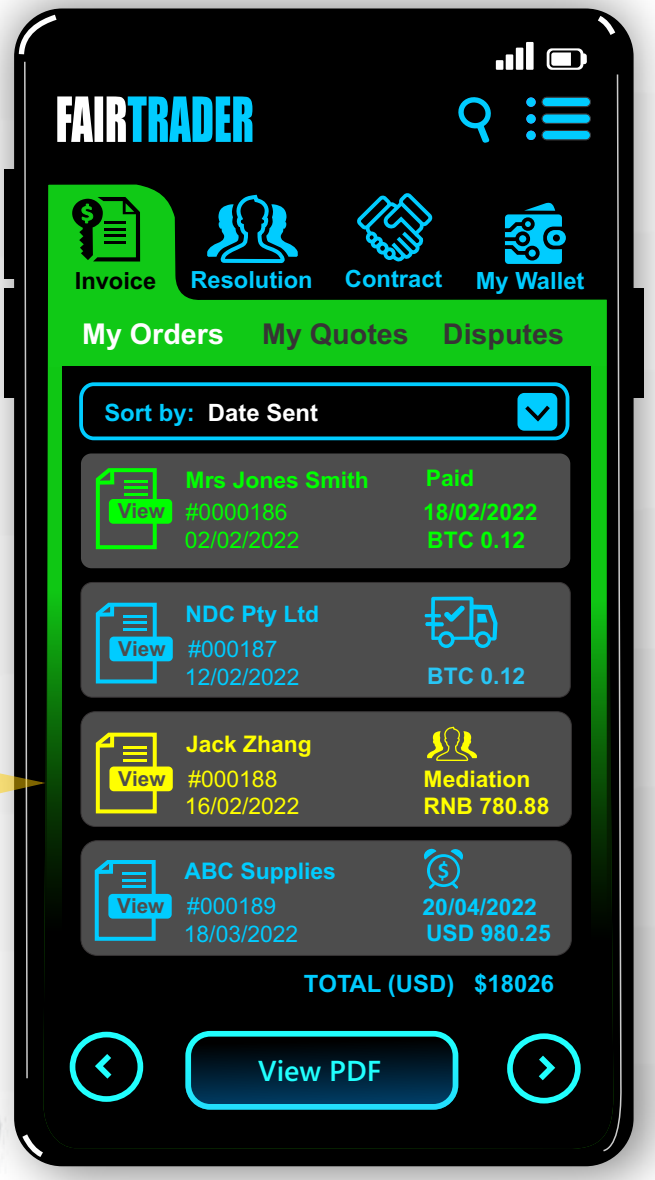
Fair Trader will remove the barriers of distrust in crytpo commerce an enable both the seller and buyer to access an unbiased opinion of a community mediator, in case of a dispute or breech of purchasing condition.

Now the buyer can send payment instantly without fear. as the payment will contain the purchasing conditions and resolution options. The seller will see the funds awaiting upon delivery and his completion of the agreement. Both parties are protected.

Initially in building the community resolution team, Fair Trader will have its own dedicated team of community supervisors to monitor and regulate the resolution process and provide training and assistants to newly joined mediators. The community supervisors will also handle any complaints against any registered mediators.

Any Mediator found to be deliberately breaking the Fair Trader protocol will instantly have their Mediator licence suspended.

Relax, a community mediator you have chosen is looking after you!



Dispute Resolution Process

Fair Trader is committed to delivering a fair, equitable and cost effective dispute resolution platform that links skilled people through out the world, who will be willing to help you avoid problems in the future for a small fee paid in FTP tokens.

In today's fast changing decentralised environment people can work from all corners of the globe together on one project, speaking different languages and receiving payment in different currencies.

Well in excess of a trillion dollars each year the trades and service industry is also undergoing major changes. Many large corporations are preferring to hire people on a contract basis leaving them vulnerable and chasing after payment.

Whilst there are some payment gateways that offer basic resolution services on goods purchased, there are no global leaders in the trades and service industry as it is complex to resolve due to understanding of many rules and regulations in each industry and country.

The Fair Trader platform will be designed to ensure fair resolution process and outcome achieved by tackling common issues that are still being experienced by far too many people.

With Fair Trader App and platform in place both the buyer and seller can make smart contracts with a flick of a setting on their smart phone ensuring both parties stick to their agreement.

To ensure equal fairness is achieved and neither party is disadvantage the Registered Mediator will be able to:

- Ask each party to supply evidence to verify facts related to the case
- Audit goods or service or even go onsite if required
- Ask the defaulting party to make good on the original promise
- Refund (in full or part) or forward the transaction if one party refuses to co-operate

Each of the steps will be designed to allow for all types of complaint whether they are complicated or simple. Fair Trader will remove any potential bias and fraud as all registered mediator decisions can be appealed.

A senior community supervisor can review the case and suspend the mediators licence if the Mediation Guidelines were deliberately not followed.

Step 1
Acknowledge the complaint in a timely manner

Step 2
Assess the complaint and assign it a priority

Step 3
Assign hours required to resolve the dispute and Fee For Service

Step 4
Gather all the facts requesting proof from both parties

Step 5
Investigate the dispute

Step 6
Notify both parties of mediation decision and ensure its clear to all

Step 7
Action the resolution by forwarding or refunding part (or all) of the transaction

Fair Trader Product Suite

All done with the comfort of the first fully decentralised self-regulating skills based resolution platform to ensure fair business transactions.

In addition to its ability to resolve disputes between buyer and seller, Fair Trader will have a comprehensive invoicing platform built on the blockchain that accepts multiple cryptocurrencies.

Simple to use and feature rich, Fair Trader allows business owners to send proposals, quotes and trigger an invoice that forms an agreement on a transparent and decentralised platform.

Create customised proposals, quotes and invoices

Accessible from any device, the FTP App will generate invoicing and quotes with built-in escrow system.

Fair Trader allows for the creation of clean and professional invoices that can be customised to match your brand. This includes the inserting information about the project such as plans or product photos and terms. Business owners will be able to select from a series of predefined invoice templates or attach their own Invoice in a PDF Format.

Facilitate payments – Accepts Cryptocurrencies and fiat currency as payment

Fair Trader Application will be designed to accept both cyrptocurrencies as well government issued digital currencies.

Fair Trader will have an inbuilt aggregator that will automatically convert from one cryptocurrency into another simplifying the payment process between buyer and seller.

Generate Reports

Produce a variety of reports with invoicing software which can assist you to track your finances and monitor which invoices are currently in mediation, halted or outstanding. You can generate alerts, create various reports, export them as PDF files, or receive them by email.

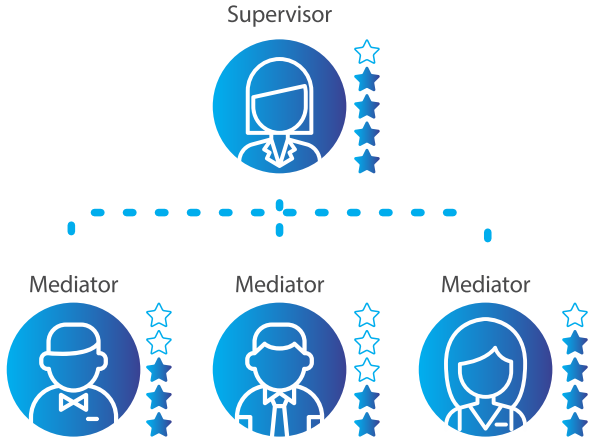
Time release, Escrow and milestone payments

It can be stressful to make a significant payment. Sometimes we are unsure if we are able to trust that the goods we ordered will be received or that the service will be completed to our satisfaction or relevant standards.

The Fair Trader Application and platforms helps to alleviate these concerns, with its built in Escrow feature managed by a trusted person selected by both parties.

From within the FTP platform, buyers and sellers will be able to agree on several terms such as:

- An agreed payment schedule based on delivery milestones
- The buyer may request to inspect the goods or finished work prior to releasing the payment
- Payment terms may include any penalty or late payment fees



Providing protection to Buyers and Sellers

As majority of cases settle without a dispute, most Fair Trader transactions will resemble this example. In this example the buyer and seller complete the transaction without involving a mediator and resolve all issues among themselves.

The seller in this transaction could have stopped the automatic release of payment if the service was delayed. When the service was delivered as per agreement, the seller would then release the payment.

Purchase of product or service no dispute

Buyer and seller agree on terms and payment date and amount in either crypto or Fiat currency.

Seller sends buyer an invoice with completion date, goods or services provided, and mediation options selected.

The buyer reviews the invoice, the terms and conditions, the date when the goods and services will be delivered and transfers the funds.

Seller receives confirmation that the funds have been deposited.

Seller can now commence with confidence knowing payment will be released upon the date the work or goods have been delivered and according to original agreement.

Buyer receives the services and is satisfied with the quality. The payment is released and transferred into Sellers wallet.

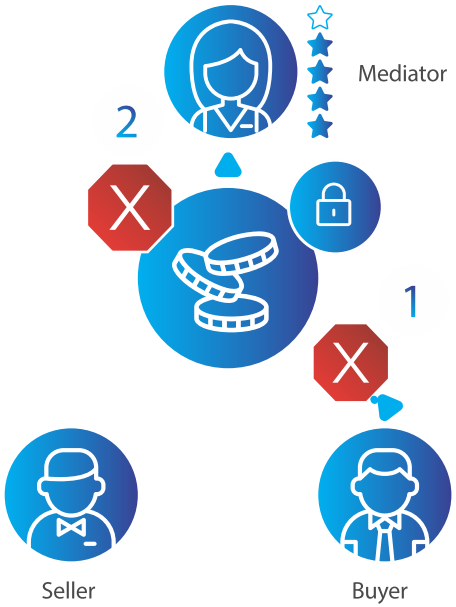
The blockchain is updated with a successful transaction and both parties trust scores are adjusted.

Resolution Process if the Buyer and Seller unable to come to a mutual agreement

The following example can apply to both Registered Mediators as well as a Friend / Mentor option, where a trusted person by both parties is selected instead of a community registered mediator.

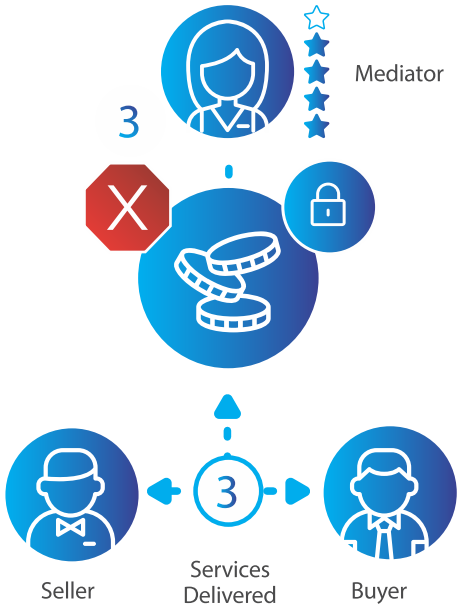
The Community Supervisor review options will only apply to Registered Mediators.

Mediation Process



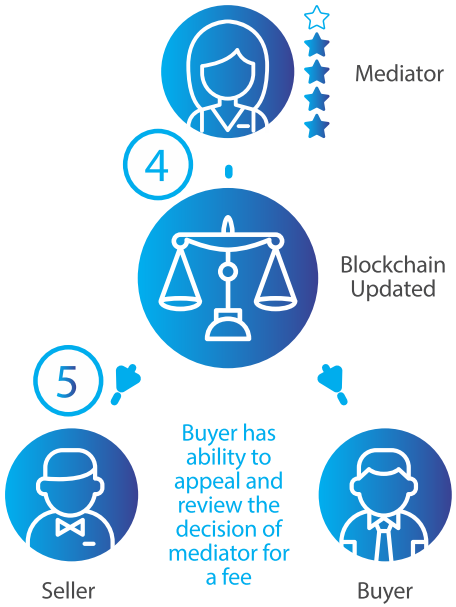
Buyer stops the automatic payment release of the transaction as the goods or service have not been delivered according to original agreement.

The Seller is notified that payment has been halted. Both parties try to resolve the conflict but cannot come to an agreement and request the Mediator to review the case. Either party can request mediators assistance to step in at anytime.



Mediator requests information from both parties to complete the assessment.

The mediator may instruct either party to make amends or provide a discount. In complex transactions the mediator may visit the site to conduct an audit if it is required. The mediator has the ability to refund or forward the transaction if one party refuses to co-operate.



The mediator makes a decision pending the outcome of investigations and actions taken by both parties to resolve the conflict.

The block chain is updated with the outcome and everyone trust score is updated. If there is no appeals against the mediator's decision the Fee For Service will be paid to the Mediator.

Fair Trader Ecosystem

Giving 100% back to the Community

With three streams of constant revenue, the FTP platform will flourish and reward its token holders with a percentage of all transaction fees collected from all activities on its platform.

As transaction volume increase, the FTP token should increase in value in proportion with trade volume and popularity.

This increases the incentive to hold the FTP tokens as the tokens will be frequently used by the Fair Trader ecosystem.

Fair Trader is more than just a utility token. It will have its own self-sustaining and thriving economy and will provide genuine employment opportunities to mediators and community members around the globe.

Transaction Fees

FTP will have a low transaction fee to make commerce affordable to everyone around the globe.

The transaction fees collected will be set by the community and used to provide a reward mechanism to all FTP token holders

Mediation Fees

A small percentage of the mediation fee will be collected as commission for maintaining the Decentralised Mediation Portal and ensuring it thrives and grows with the community's needs in the future.

A Fair Reward System

FTP will reward its token holders with a 100% of its total revenue collection.

The token price should grow with Fair Trader application adoption and increase in the transaction volume.

Mediation License

Mediators will purchase a mediators license with FTP tokens.

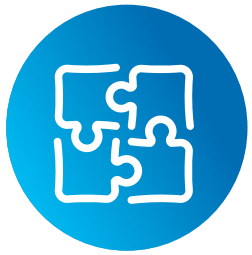
This fee will pay for a community supervisor to review the applications and stop all fraudulent applications. This is another example of Fair Trader self sustaining Ecosystem.

Why Blockchain?

The blockchain provides independency from third party vendors, adds security and transparency and delivers the functionality needed to ensure fair, equitable contracts and agreements.

It's Decentralised

Your funds are always safe and locked on the blockchain away from anyone reach, Only people involved in the transaction can halt payment and ask for mediators assistance.



It's Transparent & Trusted

Fair Trader will expose fraudulent activity, poor working practices, and provide fair trade score rating for both users and mediators.

It's Difficult To Change And Modify

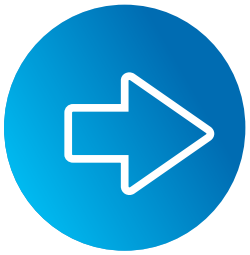
Neither the seller or the buyer nor Fair Trader will be able to modify the transaction and transfer the funds to another wallet.

It's Always On

A peer-to-peer network is what drives the blockchain, delivering an extremely resilient service. This is because data is replicated and updated on each and every node. Even if nodes leave the network or become inaccessible, the network as a whole continues to work.

It's Highly Secure

This is the core concept and benefit of blockchain as it cannot be shut down or manipulated by the banking system who control the money supply, or who is allowed to use their network



It's Streamlined

The benefit of blockchain is that it serves as a single shared ledger between relevant users, which reduces the complexity of having to manage separate and multiple systems.

Fair Trader Blockchain

Smart Contracts

Atomic Swaps

To provide maximum compatibility with vast communities that already exist on popular blockchains and to ensure lowest transaction fees possible, Fair Trader will be built to integrate with both Binance Smart Chain, Polygon and Ethereum networks. In the future Fair Trader will bridge and extend their platform to other blockchain users and token communities.

Fair Trader has minted the FTP tokens to both Ethereum, Binance Chain (BSC) and Polygon network to take advantage of low transfer fees and can be purchased on all three blockchains.

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Fair Trader Token FTP

- Ticker: Fair Trader FTP
- Token Type: Utility
- Contract: ERC20, BEP 20 and Polygon
- Inflation: None (no further tokens will be issued)
- Maximum number of tokens: 26 billion FTP

Fair Trader FTP Contracts:

Ethereum (12 Billion Tokens): 0x18c85fa24491ddc01e216ddb806ac17c212356bb

Binance Smart Chain (12 Billion Tokens): 0x18c85fa24491ddc01e216ddb806ac17c212356bb

Polygon (2 Billion): 0x18c85fa24491ddc01e216ddb806ac17c212356bb

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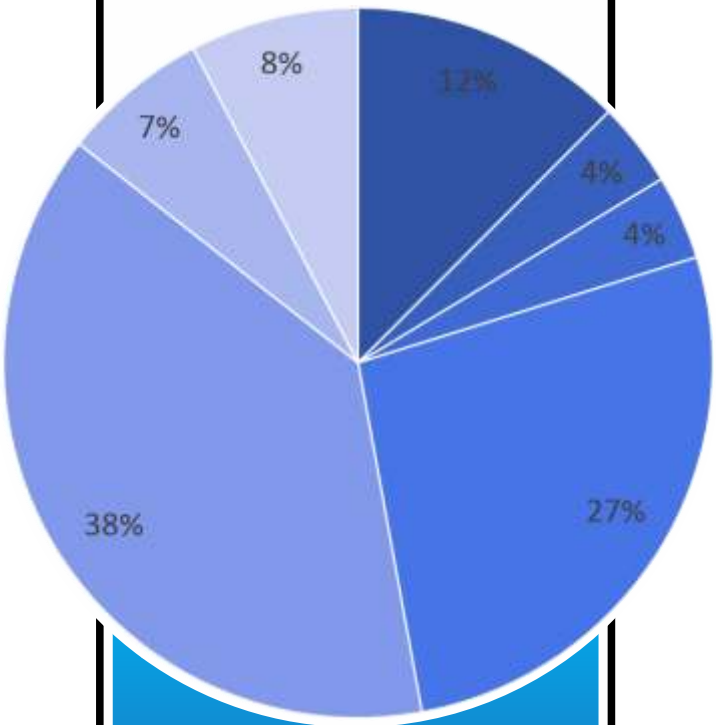
Token Flow

All FTP Tokens have been minted.

The 26 billion tokens will be used to run the mediation and arbitration settlements, purchasing goods and services and community members who may wish to hold the FTP tokens

- Ticker: Fair Trader FTP
- Utility, ERC 20, BEP20, Polygon
- Purchase Options: FTP Exchange LATOKEN Exchange
- Inflation: None (no further tokens will be issued)
- Maximum number of tokens 26,000,000,000 FTP

Fair Trader FTP Token Allocation



For information on Fair Trader Tokenomics and Ecosystem please visit www.fairtrader.io

- 12% Founders Contribution
- 4% Consultation and other work paid in FTP
- 7% Global Advertising Budget
- 4% Mediation License Fees
- 27% Arbitration Resolution Settlement
- 38% Application Development and future product Commercialisation
- 8% Treasury Holdings

Advantages of using Cross-Chain Bridge

Advantages of deployment FTP contract on 3 different blockchains with the same maximum token amount (26 billion) are outlined below.

The FTP token will utilize a decetrelized Cross-Chain Bridge that will work through FTP liquidity pools instead of minting a new FTP tokens when transfering FTP tokens between blockchains.

The FTP smart contract and cross chain bridge upgrade will prevent any minting of new FTP tokens by bridges on any blockchains whilst maintaining the same maximum token amount and FTP symbol.

FTP Token smart contract and cross chain bridge upgrade

It is in the best interest of Fair Trader to have the full control of the FTP tokens' smart contract. This control is given up when using a bridge such as BurgerSwap (bToken bridge) since FTP is not the owner or in control of the smart contract.

If the bridge were to be compromised, hackers could potentially mint (create) an unlimited amount of bFTP tokens, which would be detrimental for all FTP token holders.

As Fair Trader will be listing on LATOKEN on BSC network, it was recommended that we implement the change before listing on the exchange and Coin Market Cap and deploy the new FTP token created on the Binance Smart Chain (instead of bridging the ERC20 FTP token through BurgerSwap bridge).

To read about the many advantages of using the cross-chain bridge please visit:
https://docs.crosschainbridge.org

Decentralized Cross-Chain Bridge

Ethereum, Binance Smart Chain, Polygon, Avalanche, Fantom
and more will follow soon

About Cross Chain Bridge
Text reference Cross-Chain Bridge website: https://docs.crosschainbridge.org

The Cross-Chain Bridge is a permissionless security-focused and (in the future) community-governed bridging protocol to connect an increasing number of blockchains and, eventually, all major blockchains with each other. The protocol incentivizes providing liquidity for both projects and end users as well as provides a seamless bridging experience for tokens and NFT's. The Smart Contracts have been extensively audited, both internally and externally (**by the German Chainsulting**)

Existing problems with bridges

- Lack of decentralization
- Bridge contracts require a minting permission (increased hack risk)
- Missing self-listings
- No yield for liquidity that projects provide in bridges
- No community-sourced bridge liquidity
- Missing Stablecoin support
- No NFT support

How the Cross-Chain Bridge v2.0 works

- The Cross-Chain Bridge solves the issues above through the following key attributes:
- (Fungible) Token bridge using liquidity pools with a flexible deposit & claim approach and a limited hack risk compared to bridges with minter roles
- Bridging support for network tokens (e.g. ETH, BNB, MATIC, AVAX, FTM ...) and Stablecoins (USDC, USDT ...)
- incentive for projects to use the Cross-Chain Bridge as they earn yield on the liquidity they provide themselves through fee-participation in the Liquidity Mning Pools.
- Incentives for community-sourced bridge liquidity as everyone can earn part of the protocol incentive or bridging fees from the rom the Liquidity Mning Pools.
- Projects that apply and get whitelisted for an additional BRIDGE Farm can offer liquidity providers additional BRIDGE token farming that opens access to more attractive Rewards Pools
- Flexible and expandable concept to achieve decentralization right from the beginning
- Multi-Signature validation instead of using Key-Sharing wallet for the oracles

To read about the many advantages of using a cross-chain bridge please click here: https://docs.crosschainbridge.org

Fair Trader
Trust Score Rating

Know whom you are dealing with and the likelihood of a successful transaction.

Expose corrupt trading practices and poor quality workmanship.

Fair Trader will be built from the ground up to stamp out scams, fraud and poor trade practices.

Fair Trader will also prevent organisations from taking advantage of tradesmen and using them as cash cows to finance their projects. The Trust Score Rating will apply to the whole community including buyers, sellers and mediators and will be derived from the blockchain activity.

Register Your Interest

As a Mediator

Who can be a mediator?

A mediator can be a skilled tradesman, an import / export advisor, a web developer, a legal practitioner, a professional mediator and anyone else who has experience in resolving disputes in commerce.

Also, you don't need a degree to be a registered mediator and may have a life experience or can be an expert in a certain industry and can still assist the community.

All mediators will be checked by the Fair Trader Community at a later stage of development. All mediators are independent service providers or community members as Fair Trader only provides the platform to connect people.

Register as a Fair Trader Mediator

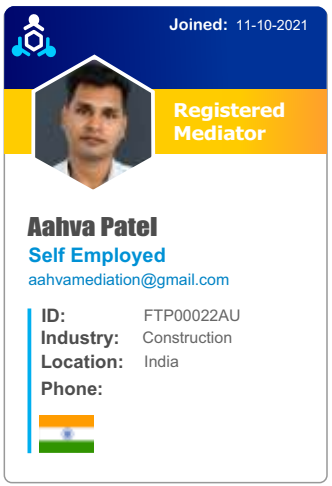
We have already received over 10,000 applications and are currently waiving all mediation license fees for the first 20,000 mediation applicants.

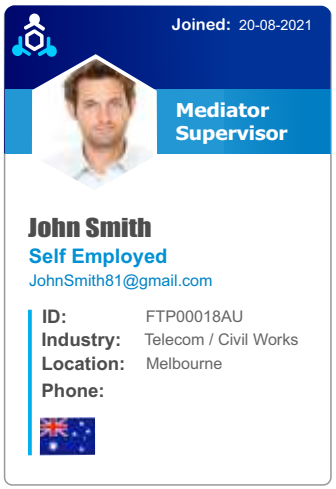
If you have skills and are good at solving problems you can register at: https://fairtrader.io/mediation/mediator-registration/

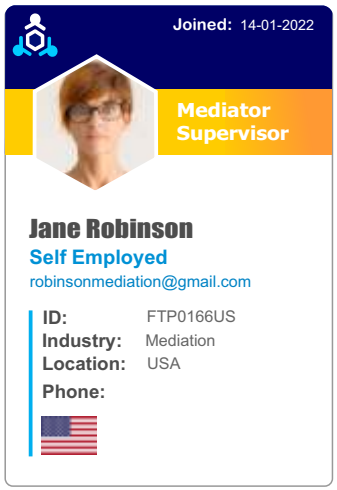
Earn money by helping people resolve their disputes

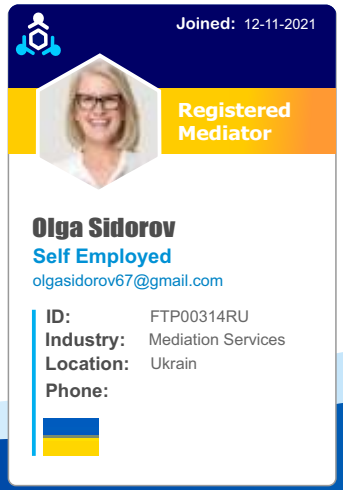
Excellent earning potential!

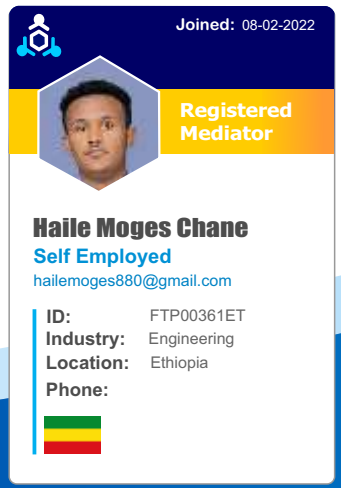
To register visit: https://fairtrader.io/mediation/mediator-registration/

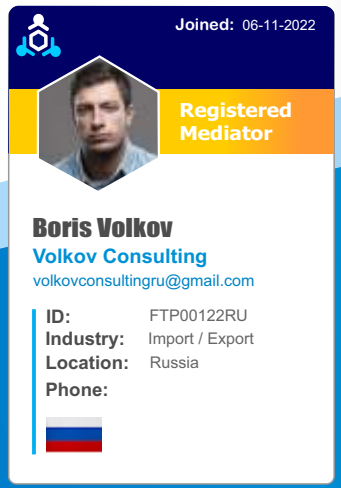


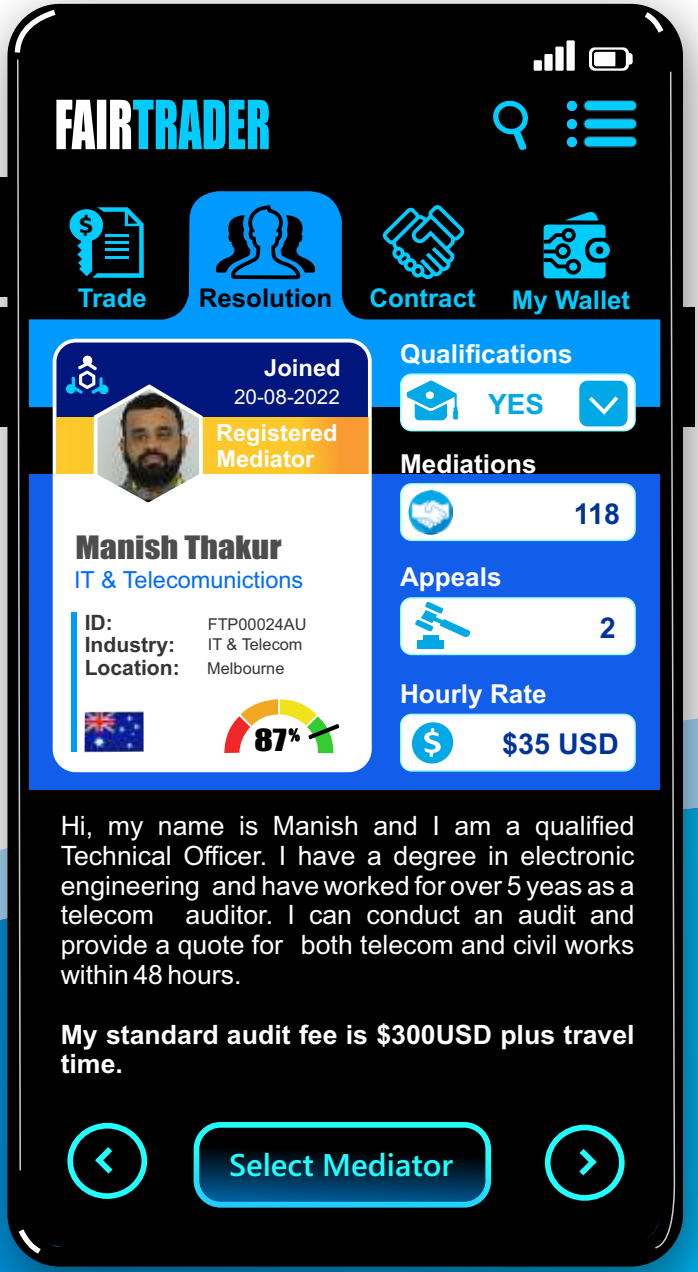












Fair Trader Roadmap

December 2017
- Idea Creation

March 2018
- Market Research
- Survey Conducted

September 2019
- Whitepaper Completed
- Consultation with blockchain developers

October 2020
- Initial Team Formed
- Investors contribution made
- Business Plan Created

February 2021
- Marketing approach created
- Website content created

August 2021
- Additional fund raising
- Key partnership formed

Septemebr 2021
- FTP Tokens minted
- Website completed

October 2021
- FTP Launch
- List on Pancakeswap

November 2021
- Pre-development planning and milestones set
- Blockchain development team finalised

December 2021
- Blockchain & application development commence
- Commence community mediation member campaign

17 March 2022
- IEO Launch on Latoken
- List on Latoken Exchange

November 2022
- Public release of FTP Beta
- Application adoption strategy
- New milestones set

Global Adoption

Fair Trader Faces

to see more of Fair Trader faces please visit www.fairtrader.io

Ibrahim Imtiaz
Project Manager

With many years experience in project management Ibrahim worked closely with engineers and architects to develop plans, establish timetables, and determine labour and material costs. Ibrahim will be assisting Fair Trader with planning and coordinating technical engineering initiatives.

Jeremy Treloggan
Industrial Relations Advisor

Having worked as a Senior Fair Work Australia Manager for 8 years specialising in Industrial Relations, Jeremy brings a wealth of expertise in fair work ethics. Jeremy will provide guidance and advice on the issues relating to best practices and trends, collective agreements, disciplinary matters, grievance and arbitration matters.

Eleisha McNeill
Mediator Approval

Eleisha has over 20 years of experience in managerial and customer relations in various industries including Telecom and IT. In the past she has worked for companies such as Optus and New Telecom. Eleisha also worked for a number of years in Research Ethics for St Vincent's Hospital. She is an expert in dealing with people of various backgrounds and nationalities.

Zafir Akel
Application Advisor

Zafir has a diploma in electronic engineering and has over 30 years of experience in telecom and information technology having worked in senior roles for leading telecommunications vendors. Zafir work experience includes high-level design work, technical writing, and deployment of a VOIP billing Engine.

Haider Yacoob
CTO Blockchain Engineer

Haider is a very experienced blockchain engineer and is responsible for the development of the Fair Trader Applications, ensuring smart contract security and integration with various blockchains and digital wallets. Haider will oversee the project management of the Fair Trader Application and ensure that it is delivered on time and on budget.

Abdullah Yacoob
Full-Stack Blockchain Develepoper

Abdullah is full stack blockchain developer specializing in web architecture, API integration and database design. Abdullah has an extensive experience with bug tracking and network monitoring as well as functional programming.

Governance

Based on the universal law of the Bible **“Don't do to others what you don't want done to you”** Fair Trader will be governed and set its mediation principles on this basis. Fair Trader will integrate perfectly with both Jewish, Christian, Sharia and any Common Law.

Self-Governed

Fair Trader will develop a platform that will prevent people from taking advantage of one another and one that would benefit the community needs instead of fuelling corporate greed.

Once the Community is established, Fair Trader will govern itself through a community voting system where each token represents a voting right. All registered mediators and community supervisors are individual entities and do not work directly for FTP.

The protection of personal data and its confidential treatment is of central concern to us. We use strict administrative and technical controls to ensure only a limited number of authorised staff has access to information that identifies our users, and even then only on a need-to-know basis.

Fair Trader can also operate in Anonymous mode where users details are not provided, whilst ensuring the same level or protection and resolution options.

We will never sell any information that identifies our members. We would not share information that identifies a user unless:

- They have given us permission to be contacted regarding Fair Trader offerings
- We are legally required to do to prevent fraud or a serious crime

Fair Trader Community Board

The Fair Trader Community Board will be established to govern and monitor all operations of the Fair Trader team. The key responsibilities of the Fair Trader Board will include:

- Planning and approving the strategic marketing directions to grow the mediator network and Fair Trader Community
- Monitoring progress performance in developing the Fair Trader applications and achievement of milestones
- Adopting an annual budget and business plan, and monitoring of financial performances
- Overseeing the establishment Global Mediation team and maintenance of internal controls and effective monitoring systems
- Ensuring all major business risks are identified and effectively managed
- Ensuring Fair Trader meets its legal and statutory obligations

Fair Trader Disclaimer

This document is a technical whitepaper setting out the current and future developments of the Fair Trader Payment Gateway. This version of whitepaper has been issued by FTP on October 2021 and for the updates on Fair Trader whitepapaer please visit www.fairtrader.io or contact us on social media.

The purpose of this whitepaper is to provide information on the Fair Trader project and to allow the prospective FTP token purchasers to make their own decision as to whether or not they wish to proceed to purchase the FTP token.

This whitepaper is for information purposes only and is not a statement of future intent nor does it constitute an offer or invitation, or any other sale or purchase of shares, securities, or any of the assets of Fair Trader FTP.

Please note that the FTP Platform and applications as well as innovations set out in this whitepaper will be developed and are not currently in deployment. Please check the Fair Trader road map for the latest updates on product development on www.fairtrader.io .

No person should use the information in this whitepaper as financial advice. Fair Trader FTP disclaims all liability for any loss or damage whatsoever relating to FTP token price fluctuation

The information contained in this whitepaper is derived from data obtained from sources believed by FTP to be reliable and given in good faith. The creators for the whitepaper have taken reasonable care to ensure that, as at the date of this whitepaper, the information contained herein is accurate to the best of their knowledge and there are no other facts, the omission of which, would make misleading any statement in this whitepaper. However no warranties or guarantees are made by Fair Trader FTP with regard to the time schedules, completeness or suitability of the information presented.

The information contained in this whitepaper may be subject to modification, supplementation and amendment at any time and from time to time. FTP does not have an obligation to amend, modify or update this paper or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. For the latest updates on Fair Trader milestones, roadmap and updates please visit www.fairtrader.io or follow us on social media.

Whilst every effort is made to ensure that statements of facts made in this paper are accurate, all estimates, projections, forecasts, prospects, expressions of opinion and other subjective judgements contained in this paper are based on assumptions considered to be reasonable as of the date of the document in which they are contained. Any plans, projections or forecasts mentioned in this paper may not be achieved due to multiple risk factors including without limitation delays in technology developments, legal or regulatory exposure, market volatility, sector volatility, corporate actions, or the unavailability of complete and accurate information.

This paper is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Prospective purchaser should inform themselves as to the legal requirements and consequences of purchasing, holding and disposing of FTP tokens and any applicable exchange, control regulations and taxes in the countries of their respective citizenship, residence and/or domicile. FTP and its Community Board of Advisors do not accept any liability for any use of this whitepaper by any person who is in breach of any local regulatory requirements with regard to the distribution of this paper or applicable rules pertaining to the offer or FTP tokens.

Prospective purchasers of FTP tokens are wholly responsible for ensuring that all aspects of this whitepaper and the Terms are acceptable to them. The purchase of FTP tokens is considered speculative in nature and it involves a high degree of risk. FTP does not represent, warrant or undertake or assure that the FTP tokens are risk free or will meet any specific requirements of a prospective purchaser. You should only purchase FTP tokens if you can afford a loss. Unless you fully understand and accept the nature of and the potential risks inherent in the purchase of FTP tokens. Each prospective purchaser will be required to acknowledge that they made an independent decision to purchase the FTP tokens and they are not relying, in any manner whatsoever, on Fair Trader FTP community board, or any other person or entity (other than such purchaser's own advisors). Prospective purchasers are urged to consult their own legal, tax or other advisor before purchasing FTP tokens.

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Persons into whose possession this paper may come are required to inform themselves about and to observe such restrictions.

Case Studies of Fraud in Construction Industry

based on case studies
conducted in 2017

Case Study #1

The Subcontractors Scam Certified Fraud Anne Paten 15/02/17

If you walk around any construction site, it's immediately apparent that sub-contractors are the backbone of the building and construction industry in both Australia and around the globe and have the right to be paid at the end of the job.

In Australia alone the construction industry is worth a staggering $300 billion annually and wholly reliant on some 350,000 small to medium size sub-contractor businesses. Those contractors undertake 85% of all construction work. These include plumbers, electricians, brick layers, plasterers, concreters, carpenters, painters, as well as many other tradesmen.

But in this industry the subcontractors are routinely subjected to deliberate refusal to be paid with the unpaid debt now totaling as high as $20 billion annually in Australia alone! Wrongfully withholding money owed to small business is the best business in town!

Small contractors are 'contracted' to do mega millions of dollars of work, supplying all materials and skilled labour. By refusing to pay what they owe, head contractors use this money to finance other projects. As Queensland Housing Minister, Mick de Brenni stated, "Many subbies are being used as pseudo overdraft facilities!"

This is undoubtedly unethical, but there follows an additional payoff: head contractors get sub-contractors to complete all the work, collect the client's money, then pocket what they are indebted to pay as stolen 'treasure.'

Concentration of power in the hands of a relatively small number of head contractors has fostered a culture of corruption, with bullying, intimidation and terror tactics rife. Knowing that small business does not have the money to fight back, and subject to the threat of being refused future work if they lodge claims for payment, the lead contractors employ the "take it or sue us" line – criminal conduct the legacy of official licence to flout the 'law.

Fraud via Insolvency and The 'Phoenix Option.'

In Australia the construction industry accounts for around 10% of GDP, but disproportionately 25% of all insolvencies. According to university research, insolvent non-corporations, such as small sole traders are not included in 'official statistics' – adding another 60% to the total of construction bankruptcies, according to the 2016 study Construction Insolvency in Australia. Thus, instead of construction insolvencies accounting for 25%, they actually account for more than half!

ASIC and the ATO advised the 2015 Senate Inquiry into construction industry insolvency of an "emerging business model" involving company directors and their corporate and liquidator advisors organizing 'restructuring' of the business prior to insolvency. The Senate' sanitised reference to 'emerging' is erroneous – the practices are entrenched – and frankly can only be classified as fraud. Business failure, badged as 'insolvency' has facilitated the theft of $3 billion annually from Australia's 350,000 small business owners. In Australia there are literally mega thousands of such illegal 'phoenix' arrangements operating every year. The Senate Inquiry concluded that the construction industry's high incidence of illegal phoenix activity had become a way of doing business in order to increase profits. The Senators explain: "because the consequences of non-compliance are so mild and the likelihood that unlawful conduct will be detected is so low." Contempt for 'non-compliance' and 'lawless' conduct is flourishing.

Certainly the Senate Committee were on the money. The number of construction company directors prosecuted for insolvent trading, fraud and breaches of duties is almost nil. As for it being the fault of ASIC or liquidators' reporting, this is true. There is clearly no commitment to protect those who are legally bound to be paid for their work. The 'no penalty' rule confirms the illusion of 'laws'! And as for preventing impending harm, the guarantee of no consequences undeniably acts as NIL deterrence to future criminals.

Queensland: A Case Study

If we take Queensland as an example, building sub-contractors number 84,000. They have more than 250,000 dependents. A quarter of a million people! When subcontractors are not paid, the fallout is catastrophic – for them and their families, their employees and their families, suppliers, local business, the entire community. That means millions of lives devastated every year.

Let's briefly examine the so-called collapse of Walton Construc on in 2013. It left 1,350 trade sub-contractors and suppliers across Australia owed $300 million (the Creditors' Report listed $90 Million) – 600 of these in Queensland. This 'insolvency' is not significant for its size – there were bigger 'failures' before it – and we've had another 120,000 since. Walton's insolvency represents more than a watershed moment. It provides concrete proof of how the bureaucra c chiefs abet law breaking for their buddies.

One Walton Victim

Three years on from October 2013, Beau Hartshorn is still hurting. For his young business, this was to be the biggest 'con-tract' he had won. He could not know Walton's 'plan', or that government had decreed it 'legal' to ruin his life. Walton's 'insolvency' left Hartshorn's landscaping business owed $600,000 for work on the $22 million Nambour Coles project.

As reported by Bill Hoffman in the Sunshine Coast Daily, this 'knockout' "killed his fledgling business, cost 10 employees their jobs and meant Beau was unable to pay suppliers he had come to count as friends. He still owes money to his grandparents." He was forced to sell his home and he has lost everything. He now works for a small wage and earns enough to put food on the table at his parents' place where he lives. "But nothing was quite as hard as telling his then 13-year-old daughter the two horses she had ridden and loved since she was four would have to be sold," Hoffman wrote.
The postscript is that the Walton collapse was carefully contrived. From the moment Hartshorn was 'contracted' there was never any chance that he would be paid.

SOURCE: https://sourceable.net/the-sub-contractor-scam-certified-fraud/

Case Study #2

Ballarat Builder Leaves Dozens of Homeowners in Limbo 20/07/17

Dozens of homeowners in Victoria who have signed a contract with a Ballarat builder were left with their houses unfinished and some with significant defects and complaints stretching back as far as 2008. But they are now left with little hope of compensa on due to a shortcoming in the consumer law.

Complainants include a young family yet to move into their new home 10 weeks out from the birth of their second child, and a couple whose home was made up of a patchwork of different-coloured bricks laid by three separate bricklayers. In March 2017 more than 400 homeowners in Victoria, including about 50 in Ballarat, were left in the lurch when the Geelong-based builder went into administration.

The Home Warranty Insurance system which protects consumers offers no coverage in a case like Mr Vidaić's, who was told his only option was to take the builder to the Victorian Civil and Administrative Tribunal. Eddie Vidaić said that the dream of living in his own home he signed to build in 2014 was completely gone. He now only hopes a sale price will cover his outstanding loan. He said three plumbers abandoned the build because they hadn't been paid.

SOURCE: www.thecourier.com.au/story/4801702/ballarat-builder-leaves-dozens-of-homeowners-in-limbo

Case Study #3

When Your Dream Home Becomes a Nightmare. The Age Newspaper 15/08/15

When Mark and Alison signed on with builders to start work on their new house, she was pregnant with their third child so they decided to stretch themselves financially and rent somewhere really nice. After all it would be less than a year before their dream home was ready. But that baby bump turns three in a few months and the family are still many months from moving into their new house. The past three years have been a horror story of delays, building problems, legal battles and hundreds of thousands of dollars that they'll never see again. Thinking back, the couple felt they had done everything possible to make sure things would go smoothly. They signed with a registered builder, who came well recommended, made sure their contract included clauses for delays and damages and checked that the builder had insurance.

Almost from day one, the delays began, with Alison and Mark suspecting that their builder had taken on some large projects and was putting their job a long way second. A year on, despite having paid the builder 90% of his fee, workers were showing up once a fortnight or less, meetings were cancelled and excuses were running out.

Nearly 12 months after they should have been moving into their new home, and with work still stalled, Alison and Mark went to a lawyer to have the contract terminated. While that process was running its course, the builder was declared insolvent.

In what Alison calls "the only silver lining to all this", the builder's insolvency meant they were eligible for building warranty insurance. But getting an insurance payout came only after they had to spend many thousands of dollars in legal costs and experts' reports on the poor state of the building work.

The insurance payout of $200,000, the maximum possible at that time, is supposed to cover building faults, legal costs and rent for up to 60 days – small comfort when you've been paying rent (and a mortgage) for three years. Alison estimates they are "at least six figures down", including the $330,000 quoted to finish the house, and says the costs involved would have been too much to bear if they had not both been working.

SOURCE: https://www.theage.com.au/na onal/victoria/when-your-dream-home-becomes-anightmare-20150805-gi0h1.html

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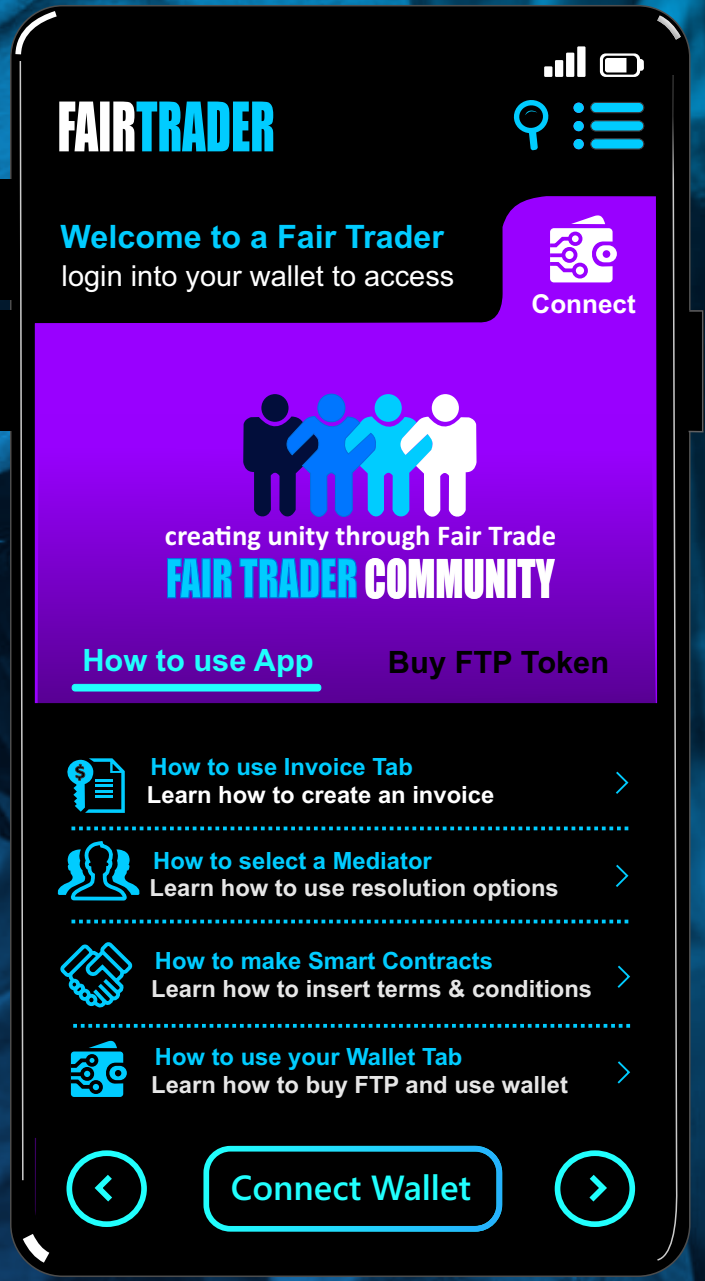
Fair Trader Overview

Fair Trader is the world's first skills based, decentralised, and self-governed resolution payment gateway. Pay only if the work has been done according to agreement and relevant standards. Settle all disputes without the need of lawyers and costly litigations.

- Easy Resolution Options
- Automatic Payment Release
- Smart Contracts & Atomic Swaps
- Smart Invoicing & Reporting
- 3 Flexible TransactionTypes
- Security & Privacy

FAIRTRADER

it's the missing link



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Fiscal Code: 20879657
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Introduction

This Legal Opinion was prepared upon request of **Fair Trader Team**, (the team or FAIR TRADER), to serve as a legal analysis of the business model, the Fair Trader Token (FTP) and its compliance with the requirements of the Listing Rules for the Trading Venue operated by Exchanges.

The requirements considered hereunder reflect the conditions as prescribed by the publicly available legislation and the legal practice in the matter, as well as any guidelines and rules, final or otherwise, published by the US and European Authorities. To that end, and for the purpose of a continuous update on the development of the cryptocurrency market regulations, the Law Firm is continuously collaborating, at any given time, with at least twelve (12) relevant Law Firms from all major jurisdictions around the world, exchanging information and updates on the crypto development and its associated legal domain.

This Opinion is meant to serve as our legal analysis of the FTP Token and conclusions are limited to the matters expressly stated herein, are fully based on information and material provided to us by FAIR TRADER, and no opinion or conclusion is to be inferred or may be implied beyond the opinions and conclusions expressly set forth herein. This Opinion is written in good faith, and cannot be deemed as guarantee or obligation, or ground of liability of our Law Firm.

For the purposes of issuance of the Opinion we have assumed without further inquiry that all factual circumstances stated in the provided documentation are a true and correct representation of actual circumstances surrounding the company and insofar as such factual circumstances are not or may turn out to be not true and correct, they will have no adverse effect on the opinions stated herein. Therefore, and for the avoidance of doubt, the opinion expressed in this Legal Opinion is only being written in light of the applicable legislation at the date of issuance, and shall not cover any future changes, amendments and any additional supplementary legislation that may be enacted.

We hereby state that our Law Firm is EU based, and the interpretation of law is based on authority for Exchanges incorporated in the Unites States of America, the European Union and other relevant international areas, as hereinafter provided.

Business description. Key features.

As a whole concept, FAIR TRADER presents itself as a self-governed resolution payment gateway, created for the benefit of the community with its own self-sustaining and thriving economy. Based on the universal message to humanity contained in the 10 commandments, FTP will integrate perfectly with both Jewish, Christian, Islam and any common law.

Users are able to trade with confidence in their crypto currency, stable coins and privacy coins of choice as well as fiat currency. Fair Trader provides a number of flexible options to resolve disputes, to achieve a fair outcome between buyer and seller of goods or services. Page 2

Fair Trader intends to act as a blockchain escrow agent, deterrent to any fraudulent activity as all funds will stay locked until the goods or service have been delivered according to the purchasing agreement. In case the original agreement has been broken or if one party refuses to co-operate the mediator can reverse or forward the transaction after reviewing the case.

In addition to its ability to resolve disputes between buyer and seller, Fair Trader will have a comprehensive invoicing platform built on the blockchain that accepts multiple cryptocurrencies and is feature rich to assist businesses and independent contractors to manage their projects.
Fair Trader allows both the buyer and seller to select a trusted source as a mediator in case they are unable to come to an agreement. The trusted person becomes part of the transaction and can be asked to step in to resolve a dispute between both parties. The Mediator could be a skilled tradesman, a software developer, an import/export consultant, a practicing mediator or anyone considered trustworthy by both parties.

The FTP Token
First of all, what is the FTP Token? As stated on the website and in the Whitepaper, FTP intends to be much more than a utility token, as it will have multiple uses withing the Fair Trader Platform. FTP has a self-sustaining and thriving economy and will provide employment opportunities and a reward mechanism to fairly distribute part of the transaction to all token holders.

The Fair Trader platform will provide three streams of constant revenue, and it will reward its token holders with a percentage of all transaction fees collected from all activities on its platform. As transaction volume increase, the FTP token should increase in value in proportion with trade volume and popularity.
The revenue streams will be:

Transaction Fees. FTP will have a low transaction fee to make commerce affordable to everyone around the globe. The transaction fees collected will be set by the community and used to provide a reward mechanism to all FTP token holders.

Mediation Fees. A small percentage of the mediation fee will be collected as commission for maintaining the Decentralized Mediation Portal and ensuring it thrives and grows with the community's needs in the future.

Mediation License. Mediators will purchase a mediator's license with FTP tokens. This fee will pay for a supervisor to review the applications and stop all fraudulent applications. Mediators will also need to hold FTP tokens to keep their license active.
The token FairTrader project has also developed a cross-chain technology for the FTP Token. Users will thus be able to use the FTP Token on other blockchains, such as Binance Smart Chain and others. The ticker for FTP token on non-native blockchains is bFTP, because of the bridging process. It is relevant to stress that bridging a token does not change its characteristics, it does not double its value and functionality, nor does it clone its existence.
It is, thus, in company's intention that the FTP Token will be used a utility asset that can transfer a certain value between holders. Utility Tokens are digital assets that are used to finance the network and incentivize its use by providing the customers with a guarantee of being able to benefit of the full range of network's services.

Token Specifications
Name: Fair Trader Token
Ticker: FTP
Total supply: 26,000,000,000

soken

United States of America

From a US legal standpoint, the institution of "securities" is being regulated by section 2(a)(1) of the Securities Act of 1933, which defines them as: "…any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement ... investment contract ... or, in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing."

In order for us to have a deeper understanding of the issue under debate, we should take into consideration the US Supreme Court case SEC v. Howey, 328 U.S. 293 (1946), which provides further clarifications on determining whether an instrument meets the definition of security, or not. In this Supreme Court case, Howey focuses specifically on the term "investment contract" within the definition of "security". Obviously, not every contract or agreement is an "investment contract".
The Court determined that a contract constitutes an investment contract that meets the definition of "security" if there is:

1. an investment of money;
2. in a common enterprise;
3. with an expectation of profits;
4. solely from the (entrepreneurial or managerial) efforts of others (e.g., a promoter or third par-ty);

The four factors must be met all together, in order to be legally considered "security". Because this Supreme Court Decision is widely considered as fundamental to the determining elements of a "security", we will base our analysis its conditional factors.

1. Is this an investment? Yes! It is generally accepted that an investment of money may include not only the provision of capital, assets and cash, but also of goods, services or of promissory notes. FTP is being distributed through a token sale by the issuer FAIR TRADER to purchasers with a price set per token, so the first factor is actually met.

2. Is this a common enterprise? A common enterprise is deemed to exist where investors pool funds into an investment and the profits of each token buyer correlate with those of the other investors. Whether funds are pooled appears to be the key question, and thus in cases where there is no proportional sharing of profits or pooling of funds, a common enterprise may be deemed not to exist. FTP is unlikely to be deemed a "security" at this stage of the project, and that is taking into consideration the fact that the platform is not yet fully operational. Therefore, FTP is substantially a utility coin consumed to transfer value across the blockchain with a relatively stable value across various exchanges. The second factor is not met.

3. Is there an expectation of profit? In our legal opinion, this factor is irrelevant to the matter, but we will analyze it in respect of the Supreme Court Decision. From an economic point of view, any type of investment is made with an expectation of profit. But just because there is a return on investment or profit, does not mean that the investment contract is a "security". Moreover, the main purpose of FTP is creating a is a blockchain-based escrow, mediation and exchange platform. So, the expectation of profit is mainly oriented towards another, subsidiary, category of economic activities, not on FTP Tokens, which renders somewhat irrelevant the profits from an eventual Token Sale. Even so, this factor is probably met, on a low scale, provided that FTP is purchased by investors with an expectation of capital gain, even though we clearly express the opinion that this factor should not weigh in decisively on the matter.

4. Is there the "solely on the efforts of others" factor met? No! The profit of the platform user al-ways depends on his own actions. As we said, even though there is also an investment in FTP Tokens, the expectation of profits results mainly from the economic activity, not from the volatility of the Tokens. So, any such incentives should ideally be derived through their own efforts, rather than through a passive investment. In such a case, the factor is not met.

soken

European Union and UK

From an EU and UK legal standpoint, when we conducted a detailed decomposition and analysis of all online FTP Token business processes, we were unable to detect and identify any process that can be regarded as a relationship between an investor and an Issuer of securities. On the other hand, if we aim to register the issue of securities, we will not be able to prove to the regulator body that tokens are securities. Moreover, the main token holders are interested in participating in the trading of transactions, and this is peer-to-peer mainly.

By our opinion, the expertise of FTP Token under the EU securities legislation cannot be applied to FTP Token due to the fact that all business processes and relationships within the platform are classic relationships for blockchain platforms, all in a permissionless manner. There is no contribution to any business venture.

Nowadays, the matters of cryptocurrency turnover and production of digital assets has not special legal regulation. There are neither special laws, nor separate legal Institute or branch of law. Therefore, we cannot qualify a token as a unique legal essence.

Token taxonomy according to ESMA and EBA

Although not legally binding at a supranational level, it is advisable to refer to the regulatory framework structured on the Advice on Initial Coin Offerings and Crypto-Assets of ESMA4 and the Report with advice for the European Commission on crypto-assets of EBA5; both published on 9th January 2019.

Presently, there is no common taxonomy of crypto-assets in use by international standard-setting bodies. However, even if crypto-assets may have different features or serve different functions, a basic taxonomy of crypto-assets generally comprises three main categories of crypto-assets:

Payment/Exchange/Currency tokens: Payment tokens are tokens which have no tangible value, except for the expectation they may serve as a means of exchange or payment to pay for goods or in the services that are external to the ecosystem in which they are built. "Stablecoins" are a relatively new form of payment/exchange token that is typically asset-backed (by physical collateral or crypto-assets) or in the form of an algorithmic "stablecoin".

Utility tokens: Utility tokens are tokens which are intended to typically enable access to a specific product or service often provided using a DLT platform but are not accepted as a means of payment for other products or services.

Investment tokens: Investment tokens may represent financial assets such as a debt or equity claim on the Issuer. Investment tokens promise, for example, a share in future company earnings or future capital flows. In terms of their economic function, therefore, these tokens are analogous to financial instruments. However, investment tokens may also exclusively reflect the ownership rights of an asset, which may not be deemed as a financial instrument. There is a wide variety of crypto-assets, some of which have features spanning more than one of the categories identified above. The individual token classifications are not mutually exclusive.

We will further analyze the legal qualification of crypto-assets under the European Banking legislation and ESMA's remit (MiFID II), and under the E-Money Act in line with the second Electronic Money Directive (EMD2) and the second Payment Services Directive (PS2). Reflecting on the above, the current perimeter of regulation is such that crypto-assets may, depending on their characteristics, qualify as financial instruments, electronic money, or none of the foregoing.

The definition of a financial instrument is the key element towards determining whether trading services with respect to a Token can be deemed to be regulated in terms of the Banking Act and other relevant laws.

soken

Financial instruments are defined in terms of Section C of the Banking Act as follows:
1. Transferable securities of all classes which are negotiable on the capital market, such as:

a) shares in companies and other securities equivalent to shares in companies, partnerships, or other entities, including depositary receipts in respect of such securities;
b) bonds or other forms of securitized 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, or other indices or measures;
2. Money-market instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit, and commercial papers and excluding instruments of payment;
3. Units in undertakings for collective investment in transferable securities, units in investment undertakings, and units in alternative investment funds;
4. Options, futures, swaps, forward rate agreements, and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination events;
6. Options, futures, swaps, and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market, a multilateral trading facility, or an organized trading facility, except for wholesale energy products traded on an organized trading facility that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in point 6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
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8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences; or
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination events, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, multilateral trading facility, or organized trading facility.
11. Emission allowances consisting of any units reFTPnized for compliance with the requirements of Emissions Trading legislation.

To round up a conclusion we can safely iterate the following:
• The market price of the token does not influence on the company's profit and the company profit does not influence on the token market price.
• There are no declarations in Whitepaper promising "Expectation of Profits" to token buyers. Token holders can receive any income from token by their own efforts, or they can also lose the tokens while trading.
• FTP Token is clearly not greenhouse emission allowances.
• FTP Token does not constitute any sort of debt obligation. For essentially the same reason a FTP Token is not a bond or other tradable debt obligation.
• FTP Token does not constitute a share because it neither entitles its holder to a dividend nor grants its holder any right to participate in the governance of FAIR TRADER or of any other company.
• FTP Token is not a subscription right or other tradable right granting the right to acquire securities. A FTP Token simply does not give its holder any option to acquire a bond or a share.
• The Company does not propose to use the monies received from the sale of FTP Tokens for following any defined investment policy for the benefit of the buyers of FTP Token in question and in their common interests: the buyers of FTP Token will not have distributed to them any income earned as a result of operating the platform.

Furthermore, a derivative security comprises a tradable security expressing a right or an obligation to acquire, exchange or transfer, provided that its value depends, directly or indirectly, on:
1. the exchange or market price of a security;
2. on any interest rate;
3. securities index, other financial index or financial indicator, including the inflation rate, freight rate, emission allowances or other official economic statistics;
4. currency exchange rates;
5. credit risk and other risks, including climatic variables;
6. the exchange or market price of a commodity.
The FTP Token does not represent any of such cases.

While the value of a FTP Token would likely depend on the success of the ecosystem, the content available via that ecosystem does not constitute a commodity. Thus, a FTP Token is neither a derivative security nor a derivative contract.

Electronic money is commonly defined as a digital alternative to cash allowing users to make cashless payment with money stored over the internet with the final aim to facilitate the emergence of innovative electronic money services and encourages effective competition between all market participants.
A token is to be classified as electronic money if the following conditions are met altogether:

- Is electronically stored;
- Has monetary value;
- Represents a claim on the Issuer;
- Is issued on receipt of funds;
- Is issued for the purpose of making payment transactions;
- Is accepted by persons other than the Issuer.

In our legal view, the FTP Token shall serve as an integral feature of the core processes of the platform as denoted in the Whitepaper. However, nothing in the Whitepaper provided by the Protocol indicated that FTP Token holders can have a claim against the issuer's assets arising from funds which were initially placed against such issuance of FTP and that such holders can redeem their funds at par value. Therefore, FTP Token falls outside of the scope of the definition of Electronic Money.

Finally, FAIR TRADER are likewise not depositary receipts. A depositary receipt is a security that represents ownership of the securities of a foreign issuer and which can be admitted to trading on a regulated market independently of the securities of the foreign issuer. To constitute a depositary, receipt a FTP Token would need to represent an ownership of a security. All the functions of a FTP Token are listed above. An instrument fulfilling only those functions does not constitute a security.

Conclusion

1. The FTP Token is more likely not to be deemed a "security" under the US, EU and other international legislation.
2. In the future stage, the FTP Token should maintain the utility legal qualification, based on the Company's business plan and the technical development of the blockchain.
3. We have found no signs of possible fraud and scam, Ponzi scheme, tort, consumer fraud, known schemes of income laundering and tax evasion.
4. Token buyers do not have any rights to the company profit. The FTP Token don't give equal rights to their holders. This fact excludes the identification of the token as securities.
5. The founders of FTP Token do not possess any ability to effect on the token price. The market price of token does not influence on a company profit and the company profit does not influence on the token market price.
6. All scenarios of the turnover of the Token is strictly ordered and implemented on the blockchain by smart contracts. No other scenarios are technically feasible. None of the scenarios of utilizing the token has the signs of securities rights realizing.

LEGAL MEMORANDUM

To: **FairTrader FTP OÜ – the Client**

From: **NJORD Law Firm in Estonia, partner Veikko Toomere**

Date: 16 May 2022

Regarding: FTP token qualification under Estonian laws

DISCLAIMER

*This Memorandum (the "**Memorandum**") is given only in respect of Estonian law as effective, generally interpreted and applied by the Estonian courts at the date of this Memorandum.* NJORD Law Firm ("**NJORD**", "**we**" or "**our**") *is not expressing any opinions with respect to any laws or regulations or practice of courts other than Estonian laws. We are also not expressing any opinions with respect to any laws or regulations or practice of courts that will or may become effective after the date of this Memorandum. This Memorandum can be forwarded to third parties without our prior consent. However, we are not responsible in any way towards such third parties. The Memorandum cannot be made publicly available without our prior written consent.*

1 INTRODUCTION AND LEGAL FRAMEWORK

This Memorandum is solely based on the characteristics of the FTP token (the "**Token**") as described in the documents submitted to us:

- FairTrader FTP whitepaper (the "**Whitepaper**");
- FairTrader webpage[1] (the "**Webpage**").

In the current legal framework, the legal boundaries between security and utility tokens remain vague since specific regulation as well as case law is lacking in Estonia and the European Union. Consequently, this Memorandum shall be solely considered as the opinion of the law firm based on the current understanding of token regulation in Estonia, whereas it is possible that legal acts, guidelines of the Estonian Financial Supervision Authority or case law will alter the interpretation of what is to be considered as a utility or security token in the future.

This opinion shall analyse and answer the following question:

1) Should the Token be regarded as security token or utility token under the Estonian laws?
2) Can the Token be construed as a virtual currency under the Estonian Money Laundering and Terrorist Financing Prevention Act ("**MLTFPA**")?

[1] Available online here: https://fairtrader.io/tokenomics/.

For clarification, the definition and legal nature of cryptocurrency tokens (i.e., are the tokens a right, thing, or private money) in Estonian civil law is still unsettled, and there is no case law on the subject in Estonia.

To assess which laws to apply to certain cryptographic token sale, the type of token must be identified. There is no official regulation aimed at classification of crypto tokens in Estonia. The Estonian Financial Supervision Authority has issued an unofficial guideline for ICO issuers and token traders how to categorise crypto tokens issued within an ICO and which laws apply to each category[2]. According to the guidelines, cryptocurrency tokens can be divided into two main categories:

i. tokens that grant owners a reasonable expectation for profit or governance rights - referred to as security tokens or equity tokens depending on their characteristics; and
ii. tokens that do not promise any profit or monetary claims against the issuer - referred to as utility tokens.

While the guideline concern ICO's in particular, substantive differences between utility and security tokens apply no matter how those tokens were generated.

The Estonian laws establish that if a token or other similar instrument has the characteristics of a security (e.g. the token comprises rights attributable to securities - monetary rights, company governance rights, etc), the issuance and exchange of such token falls under the security regulation. Carrying out a public ICO for sale of tokens comprising the rights of securities (security tokens) would require registering a prospectus with the FSA and fulfilling further obligations arising from security laws. However, registration of a prospectus and other obligations as set forth in the security laws are not applicable if the tokens issued in course of the ICO do not have the characteristics of a security (utility tokens).

2 LEGAL STANDARD

Security and utility tokens

The FSA has explained[3] that offering of tokens that fall under definition of "security" as defined in the Section 2 (1) of the Securities Market Act ("**SMA**") brings legal obligations to the issuer/seller, infringement of which may result in considerable fines. Tokens are shares, if they grant their owner rights to a holding in the company, rights to a share of profit or voting rights in corporate matters. Under Estonian Commercial Code (Sections 148 (5), 226), shares grant shareholders: the right to participate in the management of the company and in the distribution of profit and of remaining assets on dissolution of the company; the right to participate in the general meeting of shareholders; and other similar rights prescribed by law or the articles of association. Tokens are considered as investment fund units or shares if they represent a unitholder's share in the assets of a common fund.

The FSA's position is therefore that the tokens do not have to correspond to the security definition literally in order to be regarded as securities, rather it is sufficient if the token has overall features of security (substance *over* form approach).

[2] Available online: https://www.fi.ee/en/finantsinspektsioon/financial-innovation/virtual-currencies-and-ico/information-entities-engaging-virtual-currencies-and-icos.
[3] Available online: https://www.fi.ee/en/finantsinspektsioon/financial-innovation/virtual-currencies-and-ico/information-entities-engaging-virtual-currencies-and-icos.

According to the FSA guidelines, a token offering, where the tokens offered grant their purchasers access to a product or service, is a prepayment for a product or service.

Assessment

Can Token be construed as a security pursuant to Estonian Securities Market Law?

Fair Trader is a platform which enables the buyer and the seller of goods or services to insert a trusted person (mediator) in the transaction in case a dispute arises. Fair Trader provides a number of flexible options to resolve disputes and to achieve a fair outcome between the buyer and the seller of goods or services. Therefore, Fair Trader intends to act as a blockchain escrow agent.

According to the Whitepaper, the Tokens will be used to run the mediation and arbitration settlements on the platform as well as for purchasing goods and services through the platform. Community members who may wish to hold the Tokens, can collect a percentage of all transaction fees collected from all activities on the platform. Therefore, the Token has the following qualities and intended uses:

According to the website, the mediators to a transaction require a mediation license which is acquired by purchasing it with the Tokens. In addition to that, all mediators are required to hold some Tokens as set by the community in order to keep this license active. Therefore, the Tokens also give a person the right to optain a license and act as a mediator to a transaction.

We have assessed the qualities of the Token and have reached a conclusion that the Token does not have any characteristics that are fundamental to a security. Rather the Tokens are intended to enable access to the service which the Fair Trader platform provides. The Token does not grant its owners a reasonable expectation for profit, for example, a share in the future company earnings/capital flows, or any governance rights, nor does the Token have any other fundamental characteristics of a security, which would motivate persons to purchase the Token for investment purposes.

Token does not qualify as securities pursuant to Article 4 (1) (44) of MiFID II[4], Article 2 (1) (24) of MIFIR[5] and Section 2 of the SMA.

Can the Token be construed as virtual currency under the MLTFPA?

Virtual currency as defined in Estonian law, means a value represented in the digital form, which is digitally transferable, preservable or tradable and which natural persons or legal persons accept as a payment instrument, but that is not the legal tender of any country or funds[6]. Hence, virtual currencies within the meaning of MLTFPA must:

(i) have value represented in a digital form;
(ii) be digitally transferable, preservable or tradable, and
(iii) must be accepted as a payment instrument that is not the legal tender or funds of any country.

[4] Directive 2014/65/EU ("**MiFID II**").
[5] Regulation (EU) No 600/2014 ("**MIFIR**").
[6] § 3 (9) of the MLTFPA.

The Tokens can be construed as having value since their holders can act as a mediator as well as collect a percentage of transaction fees. The Tokens are also digitally transferable, preservable and tradable and are not a legal tender or funds of any country. However, the Tokens are not accepted as a means of payment for products or services other than those provided by Fair Trader, therefore the Tokens are not accepted as a payment instrument by legal or natural persons.

The Token is not construed as virtual currency pursuant to Section 3 (9) of MLTFPA.

3 CONCLUSION

Our conclusions are as follows:

- **FTP tokens will not qualify as securities pursuant to Article 4 (1) (44) of MiFID II[7], Article 2 (1) (24) of MIFIR[8] and Section 2 of the SMA.**
- **FTP token does not qualify as virtual currency pursuant to Section 3 (9) of MLTFPA.**

Sincerely,

Veikko Toomere
Partner | NJORD Law Firm

[7] Directive 2014/65/EU ("**MiFID II**").
[8] Regulation (EU) No 600/2014 ("**MIFIR**").