



THE ELEPHANT
Tokenized Secondary Market Platform

THE ELEPHANT WHITEPAPER – V.1.9

The Tokenized Secondary Market Platform

Table of Contents

Table of Contents	1
1. Executive Summary	3
1.1 What is The Elephant Platform?.....	3
1.2 Target Companies.....	5
1.3 Company Analysis.....	6
1.4 Dedicated Vehicle Investment Model.....	6
1.5 Target Companies Benefit.....	7
1.6 Social Platform.....	8
2 Background	9
2.1 Secondary Market.....	9
2.2 Pressure for Liquidity.....	10
2.3 Challenge.....	11
2.4 Solution.....	11
3 The Elephant Security Token	12
4 Definitions	15
5 Token Model	17
5.1 The Elephant Token Economy.....	17
5.2 Investing with a Stable Currency.....	19
5.3 Tokens Tied to Real World Financial Assets.....	20
5.4 Participation in Revenues.....	20
5.5 Conversion of PECs and Participation in Initial Dedicated Token Offerings.....	20
5.6 Services Provided by The Elephant.....	21
6 The Elephant Token Generation Event	22
6.1 Principles.....	22
6.2 The PEC Process ⁰	23
6.3 Token Model for Dedicated Limited Partnerships ⁰	24
6.4 Dedicated Token Offerings - Establishment of Dedicated LP ⁰	26
6.5 Distribution of Funds upon IPO, Exit or Dividends ⁰	28
6.6 Investment Terms & Partnership Agreement ⁰	28
6.7 Platform Fees.....	29
7 Exchange Listings and the Liquidity Reserve	30
7.1 Token Exchanges.....	30
7.2 Liquidity Reserve and Liquidity Platforms.....	30
7.3 On the Platform.....	31
7.4 General Considerations.....	31
8 Further Ecosystem Evolution	32
8.1 Ecosystem Impact.....	32
8.2 Platform Development.....	33
8.3 Security Tokens Exchange.....	34
8.4 Local Partnership Program.....	34

9 Use of Proceeds	35
10 Token Issuance	36
11 PEC Token Risk Factors	37
11.1 Acknowledgment and Assumption of Risks.....	37
12 Marketing Plan	43
12.1 Recruiting Private Shareholders who wish to List their Shares	43
12.2 Grow Investor Community.....	43
13 Platform Governance & Organizational Structure	44
14 Summary and Highlights	45

1. Executive Summary

1.1 What is The Elephant Platform?

[The Elephant Platform](#) is a tokenized platform in the private secondary market. It is a bridge between the secondary market investment world and the Blockchain space that allows investors to diversify their portfolio by getting access to tokens linked to and backed by real assets, such as shares of pre-IPO companies (Target Companies) and acts as a gateway for crypto holders to invest in real-world primary assets. At the same time, The Elephant Platform enables private share owners and investors to unlock the value of these assets by creating and selling their equity tokens. The Platform enhances liquidity and transparency of assets, as well as minimizes transaction costs.

The Platform is already active, though not in the tokenized model, offering shares of popular tech companies, which were listed on the Platform by their shareholders. The mentioned companies are late-stage and at the pre-IPO stage and meet the qualification criteria of the Platform. Performing a secondary transaction for purchase of shares is subject to reaching an agreed price and subject to further procedures that govern shares of a private company, such as right of first refusal, corporate approvals etc.

The Elephant Platform seeks to create a scenario that benefits all participants via the secondary transactions it facilitates; investors gain access to previously inaccessible shares of Target Companies while shareholders in these Target Companies gain access to liquidity prior to an exit or an IPO, especially "small" investors and "small" shareholders who lack the resources and/or ability of putting together a secondary market transaction on their own.

Such liquidity is seen favorably by the Target Companies, as these transactions validate the benefits to the employees from such options/shares and can be used during negotiation of employee compensation and in retention of human resources.

In addition, such transactions replace long awaiting shareholders with fresh investors that are coming in at a pre-IPO investment price and are looking to make a profit at the IPO/Exit of the Target Company.

Through our innovative working model, we also condense the sale process, from a number of transactions between "small" shareholders and a number of "small" investors into one process. Accordingly, the Target Company's management and shareholders need to deal with only one transfer process. This significantly cuts down the time, efforts and costs of the purchase process. All this happens without compromising the confidentiality of the Target Company's internal information.

The Platform does a lot more than bringing the players in the secondary market together. It also manages the process of share transfers (including the right of first refusal and approval of the board of directors, if needed), assists with documentation, administration and the payment processing. In addition, the Platform provides backup and support throughout the entire process of the transaction.

Now that we have established our Platform as an arena for transacting the sale of shares of late-stage and pre-IPO shares, we are transforming it into a tokenized platform that is connected to the blockchain technology.

Once we connect our innovative work models with the blockchain technology (initially through Ethereum) and using our legal and technical infrastructures, we can issue a new type of token we call the Dedicated Token. We achieve this by formally linking traditional contracts with Ethereum smart contracts through mutual reference and code correspondence. Once these tokens are created, anyone who is an accredited investor can invest in shares of leading late-stage and pre-IPO companies (and other investment opportunities that will be available on our Platform) and verify their holdings through smart contracts on the public ledger.

The result is a secondary market for real world, technologically enhanced equivalents to shares - equity tokens - that aim to be as liquid as cryptocurrencies.

We join the best of two worlds: by joining the platform and bringing their fiat currency on-chain, traditional investors gain access to and join the crypto/blockchain space. At the same time, The Elephant Platform also functions as a powerful mechanism for onboarding shares of off-chain companies currently held by private shareholders to the crypto economy and enabling the qualifying members of the cryptocurrency community to invest in equity-backed tokens.

Endorsement

The Elephant platform (formerly PrivatEquity.biz) has received rave reviews, [Red Herring](#), a leading online technology daily, named the platform among the top 100 innovative companies in Europe that offer direct, efficient and convenient processes that link shareholders and investors. The online magazine's open admiration highlighted the tools that The Elephant platform provides as being able to help investors in the murky investment environment while providing a delicate balance between the privacy of shareholders and their information, and transparency. "This", the daily tech magazine added, "allows for prudent decision-making when investing."

In an article [published in Globes](#), Moshit Yaffe, CEO and co-founder of Zirra claimed that "Such a platform is important in a world in which investment decisions in private companies are still too dependent on rumors or skewed information, rather than on objective, data-driven, thoroughly informative analyses. The platform will also allow for accredited investors to invest in better companies which align better with their portfolio, with the help of up-to-date data, insights, and expert opinions."

1.2 Target Companies

Investors in alternative assets typically seek two characteristics: the potential for significant returns and a low correlation to traditional asset classes such as public companies and fixed income investments. Investing in shares of private late-stage and pre-IPO tech companies meets both of these criteria.

In order to qualify as a late-stage and pre-IPO company whose shares can be made available through our Platform, a Target Company needs to qualify as a company that:

1. Has raised funds in at least two rounds of financing with a total investment amount of not less than \$50,000,000; and
2. Has what we consider as a sophisticated investor (venture backed, large corporations that invested as a strategic investor etc.).

Below is a list of some of the pre-IPO private companies, whose shares are held by private shareholders and are currently listed [on our Platform](#) (for the full list go to our Platform):



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller



Private Stocks seller

* Please note that the purchase of the shares of any Target Company may be subject to the right of first refusal of the Target Company or other shareholders, in some cases also to approval of the Target Company's board of directors or other transfer restrictions as may be applicable, all as described in sections 1.4 and 6.4 below.

1.3 Company Analysis

Since the shares listed on our platform are offered by private shareholders and not by the Target Companies themselves, in many cases the information on the Target Companies is not always available for investors who wish to invest.

As the secondary market is growing and developing, so do many related services and service providers intended to support this market. One of these services is analysis companies that provide an independent analysis on private companies, without the need of neither having the companies' cooperating nor the companies' providing any internal information.

In delivering on our mandate, The Elephant retained the services of Zirra, a service provider based in Tel Aviv, Israel, which provides an independent analysis technology. As part of its algorithm, Zirra collects and assembles information from publically available resources and uses its proprietary artificial intelligence (AI) tools to analyze, curate and add exclusive insights. Zirra uses the AI and its network of experts to provide fast, reliable, insightful and coherent company analysis. Through this analysis and the benchmark figures provided by Zirra, we establish a common ground for negotiations between selling shareholders and potential investors. Obviously, the parties do not have to accept Zirra's estimations and these are not binding on them in any way but are only intended to assist both parties to have a "ball-park" figure to relate to.

1.4 Dedicated Vehicle Investment Model

Currently, buying or selling shares of a private company is an elaborate process that includes finding a counterparty to negotiate the price, following on all legal agreements, wading through the Target Company's right of first refusal process and ensuring that all transfer and approval requirements are conducted properly. At the same time, it is important that the parties understand and comply with applicable law, in particular - securities laws. The Elephant Platform helps investors charge through these steps through the Dedicated Vehicle investment model.

The Dedicated Vehicle investment model gives investors a chance to invest in shares in late-stage and pre-IPO private companies (Target Companies) and potentially gain favorable long-term returns over and above what is regularly available to non-institutional investors that opt into the public equity markets via conventional investment channels. Until recently, such investment options were generally only available to professional and institutional investors. This innovative model and the low transaction costs increases access to these shares for a bigger proportion of investors who were locked out of such investment opportunities until now.

Under this model, investors invest through Special Purpose Vehicles (SPVs) where they hold an equity right.

When this SPV is in the form of a limited partnership (Dedicated LP), where investors' rights are represented as limited partnership units, the Dedicated LP itself buys and holds the shares in the Target Companies. The partnerships are managed by the General Partner which is an Elephant entity. The target investors for such dedicated partnerships are those that seek to invest starting at comparatively low entry thresholds of \$20,000 and low associated costs.

Such low entrance thresholds enable an investor to create his or hers own private "pre-IPO Tech Fund" while investing in a portfolio of SPVs that hold shares of Target Companies that he or she elects.

Under this model, only shares of companies with participation requests that amount to \$1 million or more in the aggregate, are available. The model, managed by The Elephant's team, complies with the strictest market standards and security laws.

The Elephant Platform collaborates with leading law firms to undertake the SPVs transactions while the tax and accounting obligations are handled by a top accounting firm with international affiliation.

The platform provides continuous supervision and timely reporting, and for its services, collects fees as follows:

1. From the Selling Shareholder: a success fee from the amount received by the seller.
2. From the investors: annual management fees and a one-time success fee from the profit following an IPO or exit.

No Fees are payable until a transaction is actually completed.

Following an exit, the body managing the SPV (i.e. the General Partner in a case of a Dedicated LP) liquidates the shares held by the SPV and distributes the profits (minus the fees) among the equity right holders (i.e. the investors) pro rata to their participation in the partnership.

This model is the basis for the tokenized model that we are now implementing.

1.5 Target Companies Benefit

It is customary in the industry to reward employees by granting options or shares to purchase shares of the company in which they work. In this manner, the company provides its employees another form of compensation for their work, in a form of incentive that increases in parallel to the company's growth.

This compensation method has many advantages, not only by creating a sense of commitment, belonging and affiliation of the employee to the company, but also by contributing to the company's expansion and growth as all the beneficiaries are motivated to work together and reach the same goal: the success of the company.

As companies choose to remain private for longer periods than in the past, this results in the employee, who expects to receive a financial benefit from liquidating his or her options or shares, now has to wait a substantial period of time. This results in the weakening of the connection established by granting these options or shares.

Through the creation of real value for the employees, the scope of compensation that is offered to the employees is demonstrated and thus gains an additional advantage over competitors. As a result, the company can choose to recruit and retain only the finest employees available in the market. The company does not bear the costs of the employees' compensation from such options or shares, as the proceeds from the sales of these options are derived from third party investors who share the company's vision, have the financial stability to maintain the shares over time and are looking to promote the company's goals.

1.6 Social Platform

We have chosen to concentrate our efforts on the "small" shareholder, "small" investors and "small" transactions. We chose to do so because we see the social benefit that this strategy can bring with it. It obviously, does not limit us from facilitating any other type of transaction that may come through our way.

With our Platform, we intend to offer our solution, not only to shareholders, but also to option holders, allowing them to exercise their options and liquidate them quickly and efficiently. While there is an argument over the exact percentage of options that are not exercised by employees, there is no question that many employees who have worked very hard for these options, never exercise them and they expire. ⁽¹⁾

Our strategy supports the democratization of the private equity market, by enabling the small players, mostly employees, to enjoy the financial benefits of their shares, the shares they have worked so hard to get, if and when they choose to do so. With The Elephant Platform, they no longer need to wait for management to decide if, when and under what terms they are willing to or interested in performing a buy-back of shares, to publicly list the company or having an exit.

As the Platform expands and using our Token Model, the process should become simpler and quicker, creating increasing value for these shareholders.

Now we are connecting our Dedicated Vehicle Investment Model with the Blockchain technology and offering our Token Model.

Under the Token Model, our platform will consist of the PEC, which is the Platform token and the Dedicated Tokens that will reflect the equity rights of each investor in the SPV holding the shares of the Target Companies.

In order to expand our tokenized Platform into a global leading secondary platform, to allow many more investment opportunities, whether these are shares of additional companies (tech and non-tech) or others, and in order to attract many more investors and grow our investor community, we are conducting a IEO (Initial Exchange Offering). The participants in the IEO will receive PECs (the Private Equity Coin).

The PEC is a security token, and as such will be available only to accredited or qualified investors who hold the PEC Wallet.

¹ <https://www.moneyshow.com/articles/optionsidea-43293/>

2 Background

2.1 Secondary Market

In finance, the private equity secondary market (also often called private equity secondaries or secondaries) refers to the buying and selling of pre-existing investor commitments to private equity and other alternative investment funds. For the vast majority of private equity investments, there is no listed public market; however, there is a robust and maturing secondary market available for sellers of private equity assets.

Attractive features of private equity secondaries may include faster cash flow realization relative to primary private equity commitments, greater visibility into underlying holdings, access to more advanced companies following vintage years and lower expenses due to the avoidance of some of the fees paid by the original shareholders and/or waiting periods undertaken by such shareholders up until the time their interests are liquidated.

As reported by Forbes ⁽²⁾, in 2002, transactions in private equity's secondary market were worth \$3 billion.

The private secondary market has experienced rapid growth in recent years, with \$49 billion raised in 2016 by secondary funds, vehicles that specialize in investing in this market and the volume of secondaries transactions reaching around \$58 billion in 2017. ⁽³⁾

This development primarily opened new opportunities for investment and increased the volume of liquidity available to shareholders to some extent. However, this concept is relatively new and is not even entrenched where it matters most; the stock exchanges and other similar institutionalized markets. Market imperfections, as such, are a norm in such a situation. Moreover, a deep-seated and efficient secondary market requires a diverse and extensive investor base ⁽⁴⁾. The kind that the current structures in the secondary market of private equity are locking out.

Despite of its advantages, private equity is a very complex class of assets; one that business literature refers to as artsier compared to other forms of investment. It is a preserve of very experienced and knowledgeable fund managers as it demands a lot more management skills as compared to other segments of the securities market. ⁽⁵⁾⁽⁶⁾ A big part of this complexity is the fact that once you elect to step into the shoes of the selling shareholder, now you are the one that has limited liquidity and your options are limited. With the rising of the private secondary market, came also the secondary market platforms.

The largest platforms are US based, Sharespost and Nasdaq Private Markets. In addition, there are other significant platforms, each of which has its sale and investment models.

² <https://www.forbes.com/sites/antoinedrean/2017/05/30/the-booming-market-for-second-hand-funds-transforms-private-equity/#4fb62ca945d9>

³ Source: Greenhill Cognat

⁴ [A Framework for Developing Secondary Markets for Government Securities \(EPub\)](#) (By Zsófia Árvai, Geoffrey Heenan)

⁵ [Introduction to Private Equity](#) (By Cyril Demaria)

⁶ [Private Equity in China: Challenges and Opportunities](#) (By Kwek Ping Yong)

The uniqueness of The Elephant Platform is that it concentrates its efforts in finding a liquidity solution for "small" shareholders and "small" investors and wishes to enable transactions that may be too small for other platforms, while opening this emerging investment class to many more that were shut out of it until now, even by other platforms.

Aiming our efforts at allowing access to this sector of "small" shareholders presents an enormous opportunity. A significant percentage of the share capital of advanced stage private tech companies is still usually held by small shareholders, including founders, former and current senior managers.

The majority of the shares currently available on our platform are listed by founders as well as former and current senior-level executives and private shareholders of the companies.

A vibrant investment platform, in any given market, is often judged by its ability to open up to additional classes of investors, to provide additional tools and services to both shareholders and investors, to keep developing its model to allow quicker, simpler and easier execution of profit, all while staying within the given statutes and applicable regulations.

Activities in the secondary market have exposed the underbelly of the investment ecosystem; revealing two key issues;

- Extremely long illiquidity durations; and
- Investing in pre-IPO portfolios still remains a privilege of very few people.

2.2 Pressure for Liquidity

While Initial Public Offerings (IPOs) were once the natural exit for companies after a few years of operations, the dynamic has changed towards longer tenures as private companies. During the last decade, the time to liquidity for companies founded out of venture capital increased from approximately 3-5 years up to 10-12 years and keeps on increasing. This means that companies wait longer to get listed on stock exchanges. The abundance of capital (and high valuations) in private markets, the costs of becoming - and maintaining - a public company, analyst scrutiny, the changes in regulations allowing more shareholders before listing, increasing the number from 500 to 2,000, and giving access of more investors to private companies under the JOBS Act and the rise of alternative liquidity solution are all part of the reasons for this. As the timeline has extended, the question of when a company will go public and what that company looks like at the open has become increasingly relevant to pre-IPO investors and employees.

As time to liquidity only increases, the holders of shares of such companies seek opportunities to liquidate their shares and enjoy the financial benefit from their increasing value and exercise their holdings without waiting for the long-awaited IPO or exit to actually occur.

Aside from the unbridled access to the secondary market in private equity, we avail the necessary technological tools that allow investors to enter investments starting with low threshold entrance amounts and allow investors and shareholders to interact and exchange information privately in a secure and convenient environment that preserves the privacy of the listed companies' confidential information.

2.3 Challenge

Even after we solve the illiquidity problem of the original shareholder, investors that step into their shoes and want to liquidate their investment, cannot easily sell their interests to other investors.

This only confirms the definition of private equity, which business literature defines as an investment activity in a private company, usually in a privately negotiated transaction.⁽⁷⁾ Essentially, it also means that aside from being extremely illiquid and opaque, it may not be easy to analyze as an investment.

2.4 Solution

The Elephant proposes to overcome the challenge in the secondary market of private equity, by adding elements to its existing Dedicated Vehicle Work Model (as described in Section 1.4 above) which are Blockchain based protocols entrenched in the Ethereum network. **This enhanced platform provides opportunities for investors that want to buy or sell rights to shares of private companies through Dedicated Vehicles whose equity is represented by digital tokens.**

Key, however, is that the platform records, issues and validates the sales all in a single go. At a later stage, the Platform may set up its own network or use another network for the Platform and replace the Ethereum network.

This does not only benefit investors that are already active in the secondary market, but it also opens up the secondary markets to many more classes of investors.

⁷ [Introduction to Private Equity](#) (By Cyril Demaria)

3 The Elephant Security Token

The Elephant Platform is not performing a customary "ICO" but rather an IEO (Initial Exchange Offering), for various reasons.

First, The Elephant is issuing a security token – the Private Equity Coin (PEC), which will only be available for accredited and qualified investors;

Second, the aim of this IEO is not to raise funds to create a platform, but rather to enable The Elephant to expand its already operational platform (formerly PrivatEquity.biz Platform) and shares portfolio that are already listed on the Platform and which are valued over US\$ 100,000,000;

Lastly, PEC holders will also participate in and receive a portion of the annual revenues of the Platform as further described in Section 6.7.

Through our IEO and our Token Model we wish to provide liquidity to our investor community after they decide in shares of which pre-IPO private company they wish to invest.

After our IEO we plan to use the funds invested in the IEO in order to turn our Platform into an innovative worldwide leading platform, to offer more investment opportunities not only with respect to shares of late-stage and pre-IPO Tech companies that are listed on the Platform, but also to a wider range of investment opportunities in the private market that are backed by equity rights (shares of companies in all kinds of fields of activities, real estate, sports clubs and so on).

Security Token Revolution

As part of our business model, we issue the PEC, a security token that allows its holders to benefit from The Elephant Platform's revenues, and tokenizing equity right in late-stage and pre-IPO companies, through our Dedicated Tokens which are also security tokens.

As Initial Coin Offerings (ICOs) took the world of finance and investment by storm, there are currently over 1,500 different cryptocurrencies available. These range from Bitcoin, through IOTA, a cryptocurrency that is intended to facilitate transactions between devices on the Internet of Things (IoT), to PizzaCoin, a token dedicated to ordering pizza.

According to a report from Fabric Ventures and TokenData ⁽⁸⁾, ICOs raised over \$5.6 billion in 2017 and according to Coindesk a staggering \$6.3 billion in the first half of 2018⁽⁹⁾. This compares to \$1 billion of 'traditional' venture investing in blockchain startups in the same time frame. In 2016 \$240 million was raised in ICOs.

Tokens are generally broken down into either utility tokens or security tokens. Utility tokens, often called app coins or user tokens, represent access to a company's platform, product or service. Some have described utility tokens as comparable to API keys, used to access a service.

⁸ <http://uk.businessinsider.com/how-much-raised-icos-2017-tokendata-2017-2018-1>

⁹ <https://www.coindesk.com/6-3-billion-2018-ico-funding-already-outpaced-2017>

Another type of token is security tokens, which have the characteristics of securities as we know them at the traditional world, for example, equity right, voting right or revenue/profit sharing with the token issuer or other legal person.

In between, there are utility tokens that in spite of the fact that they do not fall within the characteristics of the abovementioned security tokens, may fall under the definition of securities under applicable securities law in the jurisdictions where they are being sold or distributed, mainly due to the fact that they create a reasonable expectation of profit and considered by their purchasers as an investment tool. Accordingly, these tokens should be treated as securities, even though they do not represent any equity right, nor include voting right or profit-sharing mechanism, and create a significant exposure to their issuer in case it does not comply with applicable regulation.

In the United States, for example, Marco Santori, the President and Chief Legal Officer at Blockchain, addressed this issue by saying that an arrangement is a security if it involves:

"an investment of money...and a common enterprise...with the expectation of profit, primarily from the efforts of others".

While originally, utility tokens were not designed as investments, and therefore, should have been exempt from most regulations, specifically securities law, the current environment and developing practice at the crypto space bring them to be considered as securities, especially in the US. The emerging secondary market, the use of token issuance as a fundraising tool and the fact that the value of the token depends on its issuer, bring most tokens issued today to a grey and risky status where regulators may consider them to be securities due to their perception as investment opportunities, even if that is not their official intended function.

The Elephant security tokens aim to improve traditional financial products by removing the middleman from investment transactions, allowing investors to reflect their holdings with tokens, and easily buy and sell assets. This can lead to lower transaction fees, faster transfers, decentralization, transparency and more access for all accredited investors to invest rather than just financial institutions. Since security tokens are treated as securities from day one, complying with all applicable laws, this minimizes the risks and exposures for any unknown or unclear interpretation by relevant regulators.

While most tokens currently available are utility tokens, many leading experts believe that this will shift soon, as the market develops and institutional investors invest in security tokens.

This has led to what many think will be a complete take-over by security tokens over the crypto market during 2019 from the utility tokens ⁽¹⁰⁾.

With the recent rapid decline in the value of utility tokens and the fact that ICO's of utility tokens have practically come to a complete halt, while many STOs and their ecosystem (security token issuance platforms, security token exchanges, KYC, AML and Accreditation service companies) there is no arguing that the shift towards the security token world has begun.

¹⁰ <https://medium.com/crypto-oracle/prepare-yourself-the-security-token-tsunami-is-about-to-hit-9d5517caff49>

A main reason for the change is that issuing a compliant security token can reduce legal risk and provide protection for both the company and the contributors, and by doing so, allowing more traditional and conservative investors to take their first step in the crypto space.

The increase in platforms and companies related to security tokens being formed by major players in the industry (which have been dealing with utility tokens till now) and by players from the “traditional” investment world, which are being announced almost on a daily basis, is one sure sign that this market is on the rise and 2019 may be the turning point and the "Year of the Security Tokens".

4 Definitions

Accredited/Qualified Investors as defined in the applicable regulation, according to the specific investor's place of residence.

Dedicated LP is a Dedicated Vehicle incorporated in a form of a limited partnership, managed by the General Partner (GP), which purchases and holds the shares of the Target Companies. Investors participating in a Dedicated Token Offering of a Dedicated LP will hold LPPU in the Dedicated LP.

Dedicated Offering Escrow Account is a combination of a digital wallet and a bank account into which the funds committed by investors who are participating in the Dedicated Token Offering will be directed and will be managed by a reputable accounting firm in accordance with the Dedicated Offering Escrow Agreement. A copy of the agreement will be available for download and review on the Platform.

Dedicated Tokens represent the legal ties to equity (shares) in Target Companies through the Dedicated Vehicle. Each Dedicated Vehicle issues its own Dedicated Tokens during its Dedicated Token Offering. Dedicated Tokens are acquired by Investors who elect to participate and invest in Dedicated Token Offerings and purchase Dedicated Tokens. Dedicated Tokens cannot live or be taken out of the Platform until they are registered on a regulated exchange.

Dedicated Token Offering During a Dedicated Token Offering, Investors holding PECs will be entitled to participate first in the purchase of Dedicated Tokens representing equity rights in Target Companies, through the Dedicated Vehicle. It should be noted that our working models may need to be modified or certain licenses may need to be obtained in order to enable PEC Holders from certain jurisdictions to participate in Dedicated Token Offerings. Dedicated Token Offerings will be organized and managed on the Platform by the Platform Operator. In order to participate in a Dedicated Token Offering and purchase Dedicated Tokens, an investor will pay the purchase price of the Dedicated Tokens that he or she wishes to purchase.

Dedicated Vehicle is a SPV to be incorporated by The Elephant and/or its affiliates for the purpose of purchasing and holding the shares of the Target Company with respect to which a Dedicated Token Offering shall take place. Investors who will elect to participate in such Dedicated Token Offering will purchase Dedicated Token issued by such Dedicated Vehicle, representing their equity rights in the SPV and the shares it owns. In the event that additional shares of the same Target Company are purchased in another transaction, this may be done through another Dedicated Vehicle and another Dedicated Token Offering process. It should be noted, that the current legal structure selected by The Elephant for the equity backed Dedicated Token is a limited partnership formed and managed by the General Partner (GP). This structure may change (e.g. moving to a limited company as the SPV), based on efficiency, legal or other considerations, while the basic model remains the same - the holder of the Dedicated Token has in his or her hand an equity-backed token which reflects his or her rights.

GP is a company, which manages the Dedicated LPs in accordance with the partnership agreement.

Investors both individuals and organizations, that are Accredited or Qualified Investors that have completed their verification process and want to invest through the Platform by acquiring the PECs in the IEO or later and/or purchasing Dedicated Token in the Dedicated Token Offerings or later.

LPPUs are Limited Partnership Participation Units in a Dedicated Vehicle (where the Dedicated Vehicle is a limited partnership) that hold shares in Target Companies and are representing the financial interests of the investors in the Dedicated Vehicle. They are represented by the Dedicated Tokens in accordance with the Partnership Agreement.

PEC IEO - The Elephant's IEO is consisting of Commitment Transactions receiving investments in BTC, ETH, USD and EUR and any combination of them, and reward these transactions with PECs.

Platform is an online platform and the main tool in The Elephant ecosystem that connects Investors with shareholders, allowing the former to invest in tokenized Dedicated Tokens underlying the shares sold by the latter. The Platform is operated by the GP with the help of supporting entities.

Platform Operator is a company, which manages, develops and maintains the Platform.

Private Equity Coins (PEC) refer to the tokens to be issued by us as part of the IEO and sold to Accredited Investors only. Holders of PECs (and only them) have the first right to participate in Dedicated Token Offerings and purchase Dedicated Tokens representing equity rights in shares of the Target Companies. The right of PEC Holders to participate in a Dedicated Token Offering will be set forth by the Platform Operator in the Dedicated Token notices on the Platform. PEC Holders will participate in the revenues of the Platform and will enjoy from the services provided on the Platform. PECs can be transferred among users but cannot be circulated outside the user base of accredited investors registered on the Platform, regulated exchange and through a pre-approved virtual wallet, all subject to applicable laws.

Selling Shareholders are the persons or entities that have shares in the Target Companies that list their shares on The Elephant Platform.

Target Company is a late-stage or pre-IPO company that meets the criteria for listing and whose shares are listed on the Platform by their shareholders. Such shares are purchased by the Dedicated Vehicle in the process of a Dedicated Token Offering. The Platform Operator may amend the criteria for listing shares of a Target Company on the Platform or accept certain companies that do not necessarily meet these criteria but the Platform Operator decided that they are qualified to be listed on the Platform for other reasons (For example: a company that has raised less than \$50 million but there is as an upcoming IPO).

5 Token Model

Once we are connecting the Blockchain technology to our Dedicated Vehicle Work Model and creating our Token Model our mission is to:

1. Expand liquidity to shareholders (mainly small shareholders) that have nil or very limited, liquidity available to them. **Tokenization of previously illiquid assets may increase their market value by 10%-40% as illiquidity costs vanish ⁽¹¹⁾**;
2. Open the investment space for additional classes of potential investors, including the crypto-community in addition to all Accredited/Qualified Investors, with low entrance thresholds (starting in some cases as low as \$20,000) enabling each such investor to create his own "pre-IPO Fund" while investing as low as \$100,000 in the aggregate (obviously, an investor can invest higher amounts but it is in his or her sole discretion);
3. Provide stability to the crypto investors while connecting them to equity-backed tokens;
4. Eliminate geographical constraints when seeking venture capital;
5. Minimize transaction costs between the two sides of the investment process;
6. Make real world private equity liquidity by tokenizing it; and
7. Onboard shares of off-chain companies to the tokenized economy.

We are pursuing a plan to build a market for our token, the Private Equity Coin (PEC), which has four key components:

1. Sufficient liquidity;
2. A functioning investment platform;
3. The Dedicated Token economy; and
4. An attractive portfolio of investments.

5.1 The Elephant Token Economy

To make it a functioning tokenized economy we introduce two types of tokens: a platform token called the PEC and the Dedicated Token, along with several mechanisms that determine the nature of transactions between platform participants and thus PEC and Dedicated Token value. The two main types of players on the platforms are investors and shareholders of shares in Target Companies. Investors bring capital to the platform and look for interesting investment opportunities. The fundamental transaction of our platform is investment, where investors invest in the financial rights related to the shares of Target Companies via Dedicated Tokens representing equity rights or in the value of the Platform and its potential growth through the PEC. The Elephant Platform's value is expected to grow when the number and volume of investment opportunities and actual transactions grows, so its economy needs

¹¹ See Aswat Damodoran (<http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf>)

to be designed to stimulate investment opportunities and liquidity to selling shareholders and holders of the PECs and/or Dedicated Tokens.

An important core principle of our Platform is that the network produces and controls access to a scarce resource. For example, Ethereum is a network of miners providing computing power and consensus necessary for transactions and smart contract execution. Something similar takes place with FileCoin for storage, Mysterium for VPN bandwidth and so on.

In the case of The Elephant there are two types of resources that must be produced and controlled. The first one is capital, provided by investors, and the second one is quality assets (such as shares of Target Companies). As the Platform grows and adds additional fields of activity, this could include shares of non-tech companies, real-estate, sports clubs etc.

Both of those are scarce resources: you typically do not get money for free and quality deals are hard to find as well.

The mechanism that controls access to both capital and shares of Target Companies is the Dedicated Token Offering, where investors acquire Dedicated Tokens through the Dedicated Vehicles and Selling Shareholders sell shares of Target Companies to the Dedicated Vehicles. The role of the Platform in this process is not just to control access in accordance with regulation, but also to incentivize investors to provide more capital and Selling Shareholders to provide quality offers and opportunities to the platform, and thus the entire ecosystem grows.

As the value of the Platform is expected to grow when the number of transactions performed and the volume of investment opportunities grows, the PEC holders will have a better chance to benefit from the Platform since they will participate in the revenues of the Platform and at the same time will be able to use their rights as PEC Holders to participate in a wider variety of Dedicated Token Offerings.

With the establishment of a large investor database, and creation of a large database with respect to the investment opportunities listed on the Platform, additional value will be created at the Platform level, which should be reflected in the value of the PEC.

Another core principle of our tokenized economies is: Dedicated Tokens are equity-backed and represent the demand for them, driven from the potential value of shares in Target Companies. Generally speaking, this representation works differently depending on the type of tokens deployed. In the case of utility tokens, they set the baseline price of the fundamental underlying. Consequently, their total value should, but often does not, correspond to the value of this underlying. In the case of Dedicated Tokens, the token represents equity and economic rights in well-established companies.

While other networks allow you to access the network rights by owning tokens, **our Dedicated Tokens give you an opportunity to own a real asset**, so in the event that the value of the Dedicated Token diminishes it does not affect your chances to enjoy a profit upon an IPO or Exit of the Target Company. This means that "tokenizing" your holdings can only put you in a better position than you were before without the Token Model and allowing you to enjoy a financial benefit earlier (should you choose to sell the Dedicated Token).

Based on the above, the basics of The Elephant Token Economy are:

1. Resources that run The Elephant's Platform are both capital and quality deals. Access to resources is performed via Dedicated Token Offering;

2. Value of The Elephant's Platform is represented by PEC. More investment opportunities offered on the Platform, creation of a large Accredited Investor database and database on the investment opportunities listed on the Platform stimulates value growth of the Platform which should be reflected in the value of the PEC, being the Platform token.;
3. The higher number of PECs that you hold, the more that you benefit from the Platform's revenues and opportunities; and
4. Investment through The Elephant Token Economy enables the investor to enjoy in the event of an increase in the value of the token while still preserving his ability at the same time to be protected by the equity that backs this token and a possible IPO or an Exit.

We adhere to the principles of sustainable growth, integrity and good governance, which is why none of the entities within The Elephant ecosystem (including the General Partner in case of a Dedicated LP) will be able to use funds (other than as specifically set out in this White Paper and the terms associated with the platform and PECs as shall be in published and updated from time to time by The Elephant) committed by the investor community of our Platform. The investors taking part in our token economy will enjoy the benefits that arise from using the emerging Blockchain technology while staying protected after choosing to invest in specific Dedicated Token Offerings by the shares that are backing their tokens.

5.2 Investing with a Stable Currency

The price volatility of cryptocurrencies with regard to well established fiat currencies and the off-chain costs of running a business are a problem for long term investment offered on The Elephant Platform.

As the value of the underlying equity rights available on the Platform (the shares in the Target Companies) is valued in fiat currencies (USD or EUR), The Elephant will denominate all investments in USD, which serves as the base currency for pricing on the Platform.

In particular, it means that:

1. The price of the PEC in the IEO is set in USD.
2. Investment opportunities offered on the Platform are stated in USD.
3. The price of a Dedicated Token during its Token Offering is calculated in USD.

As stated above, the contribution in the IEO itself may be done through BTC, ETH, USD or EUR. The price of a given Dedicated Token is denominated in USD so that the number of Dedicated Tokens acquired by an investor can be directly calculated.

5.3 Tokens Tied to Real World Financial Assets

Unlike most cryptocurrencies, our PEC and Dedicated Tokens are tied to real-world financial assets - shares in private companies, with independent expected (though speculative) ROIs. This means that a Holder can, on the one hand, enjoy an increase in the value of the PEC or the Dedicated Tokens but at the same time he or she does not depend on it to generate a profit. Even in the event that the value of the PEC decreases, it does not affect the rights of the Holder to participate in Dedicated Token Offerings or the rights to revenues from the Platform. Likewise, even in the event that the value of the Dedicated Token decreases, upon an IPO or Exit of the Target Company the Holder will enjoy the returns regardless (see more in Distribution of Funds on an IPO/Exit/Dividends in Section 6.5).

Accordingly, our tokens are clearly defined as securities, and are therefore designed to conform to all applicable laws and regulations pertaining to the issuance and marketing of securities for investment funds, including verification of token buyers as Accredited/Qualified Investors in accordance with applicable regulations.

5.4 Participation in Revenues

PEC Holders will be rewarded with 20% of the annual revenues generated by the Platform arising from Dedicated Token Offerings (including fees from the Selling Shareholders and fees from the Investors) pro rata to their holdings of PECs out of all PECs in circulation, before any taxation applicable to the Platform or to PEC holders, if any.

The distribution will be announced and distributed following the adoption of the annual financial statements and the results of the Platform for the preceding year.

The Elephant will announce the date of the publication of the results, at least 10 days prior to such date.

5.5 Conversion of PECs and Participation in Initial Dedicated Token Offerings

From the amounts invested in the IEO, 40% of such funds will be used by the Platform Operator to participate in Dedicated Token Offerings. Investors that participated in the IEO (and for the removal of doubt, no other PEC Holders that received PECs without participation and investment in the IEO) will be entitled to convert up to 40% of their PECs into Dedicated Tokens issued in the initial Dedicated Token Offerings on the Platform, on a pro rata basis with overallocation rights. For example, if a total of \$10 million is raised in the IEO and \$4 million will be used to participate in 5 Dedicated Token Offerings (\$800,000 on average in each Dedicated Token Offering), an Investor that invested \$500,000 (5% of total raise), will be entitled to convert PECs worth \$40,000 into Dedicated Tokens (5% of the total purchase price

of the Dedicated Tokens that are purchased ⁽¹²⁾. In the event that some PEC Holders do not wish to convert PECs in connection with a Dedicated Token Offering, the other Investors will be entitled to convert more than their pro rata amount. Upon conversion of 40% of PECs by an Investor that participated in the IEO, in the aggregate, the right of conversion in following Dedicated Token Offerings conversion will expire with respect to such Investor.

5.6 Services Provided by The Elephant

In addition to our platform providing Accredited Investors and institutional investors access to a new asset class of investments in the truly interesting companies, we provide a managed investment process that covers the needs of the end-points of this triangle: The Selling Shareholders, the investors and the Target Companies.

Once an investor joins our Platform, we will support him or her and provide our services until his investment matures and he or she enjoys the benefits of the investment.

To allow investors to select in which Dedicated Tokens to participate in and thereafter to follow their investment portfolio and to make wise and prudent decisions with respect to such portfolio, The Elephant will provide the Investors with the following:

1. Independent analysis reports on every company in the portfolio, updated on a regular basis, provided by an independent analysis firm.
2. Periodic reports covering accounting and legal developments and issues relating to the fields of activities of Target Companies.
3. Maintains all Dedicated Vehicles records and registers up to date on a regular basis.
4. Provides the investors through the Dedicated Partnership with a fully managed investment (legal, accounting, analysis, exercise of shares and distribution of funds).

All information provided by The Elephant, including the analysis reports, will be based on publicly available data and information publicly disclosed by the Target Companies.

After the IEO, an Investor will also be able to create his "watch-list" of Target Companies that he has interest in and receive analysis reports with respect to such companies, so once a Dedicated Token Offering commences with respect to such Target Company, he will already be familiar with the Target Company.

¹² The Elephant will have the discretion on the terms of participation in Dedicated Token Offerings.

6 The Elephant Token Generation Event

6.1 Principles

The Token Generation Event kick-starts our tokenized ecosystem. However, it works differently from most ICOs, STOs and IEOs currently available in the market. The purpose of our IEO is to expand and improve our already operational Platform into a worldwide leading platform. We wish to introduce many Dedicated Token Offerings to our investor community that will represent value of shares in Target Companies, those that are already listed on our Platform, and those that will be listed soon after and to add additional companies from other fields of activities and other types of financial assets.

According to the principles of our Platform economy, the first right to participate in Dedicated Token Offerings is to hold PECs. It should be noted that our working models may need to be modified or certain licenses may need to be obtained in order to enable PEC Holders from certain jurisdictions to participate in Dedicated Token Offerings.

The rationale behind creating our own token, the PEC, is that our tokens are security tokens that entitle their holders to participate in the revenues of the Platform and are also intended to service the transactions on our Platform, around which we wish to build a large international community of Accredited/Qualified Investors. Only if you are cleared as an Accredited/Qualified Investor and join our community by holding the PECs, you will be able to enjoy access to investment opportunities available on the Platform.

In order to encourage Accredited/Qualified Investors to join our Platform we also intend to launch an Accredited Investor Recruitment Program and distribute PECs to investors that successfully complete their registration to the Platform. The Incentive Program will be available on our Platform and the number of PECs to be distributed will be limited in time and in number of PECs.

6.2 The PEC Process (13)

Figure 1 - Stage 1 - IEO

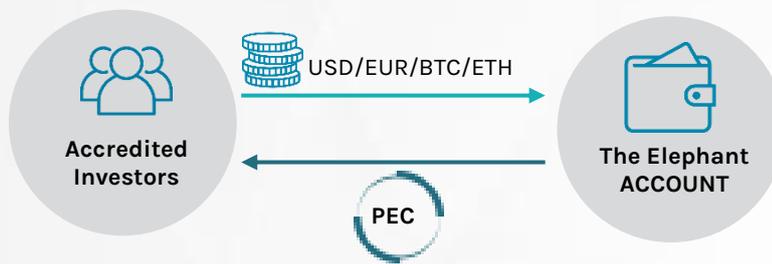
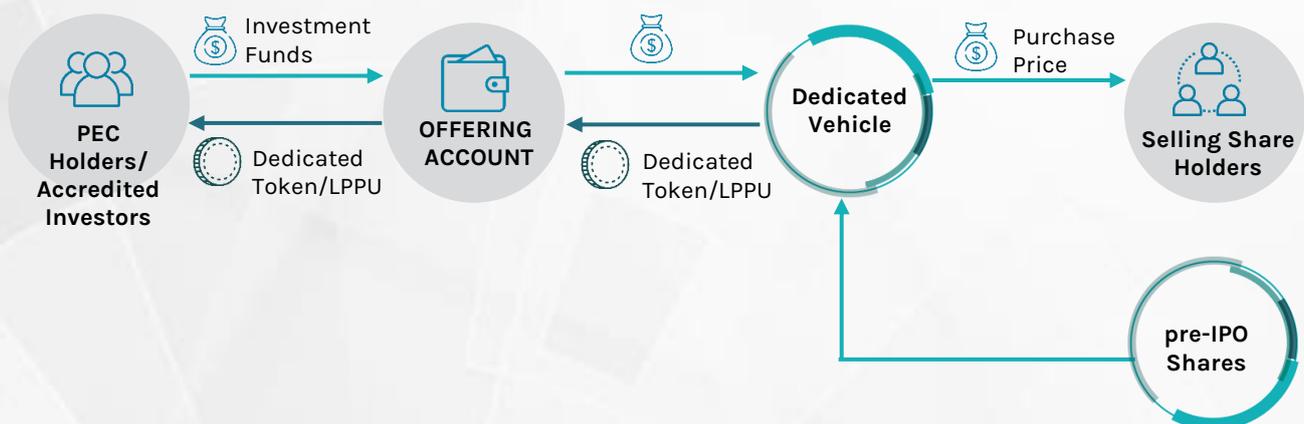


Figure 2 - Stage 2 - PARTICIPATION IN DEDICATED TOKEN OFFERING



Based on the above scheme, we can describe the process step-by-step:

1. During the IEO investors purchase PECs after transferring funds to the Account of the Platform Operator. Investors can contribute using BTC/ETH/USD/EUR and any combination thereof.
2. PEC Holders will be entitled to convert some of their PEC into Dedicated Tokens and will always have a right to participate first in Dedicated Token Offerings (which is basically a list of Ethereum smart contracts published by the Platform). Any Investor that participates in the Dedicated Token Offering will be required to pay the Platform Operator a management fee of 1% of his investment amount, and thereafter Dedicated Token Holders will pay this management fee on an annual basis. In addition, the PEC Holders participating

¹³ References below are made in respect of Dedicated LPs, though investment may be made via Dedicated Vehicles, which may include other forms of incorporation.

in a Dedicated Token Offering will add up to 5% in order to set up the liquidity reserve for such Dedicated Tokens.

3. Platform provides user interface which will make investments easy.
4. There is no vesting scheme applied to trading.
5. To participate in the IEO and subsequently in a Dedicated Token Offering and trading of the PECs and the Dedicated Tokens, investors need to provide identification documents (investor KYC) verifying their status as "Accredited/Qualified Investors", and to use the PEC Wallet. The platform user interface will provide easy and secure ways to perform KYC well. The platform KYC process supports both individuals and organizations of virtually any type (natural and legal persons).

6.3 Token Model for Dedicated Limited Partnerships ⁽¹⁴⁾

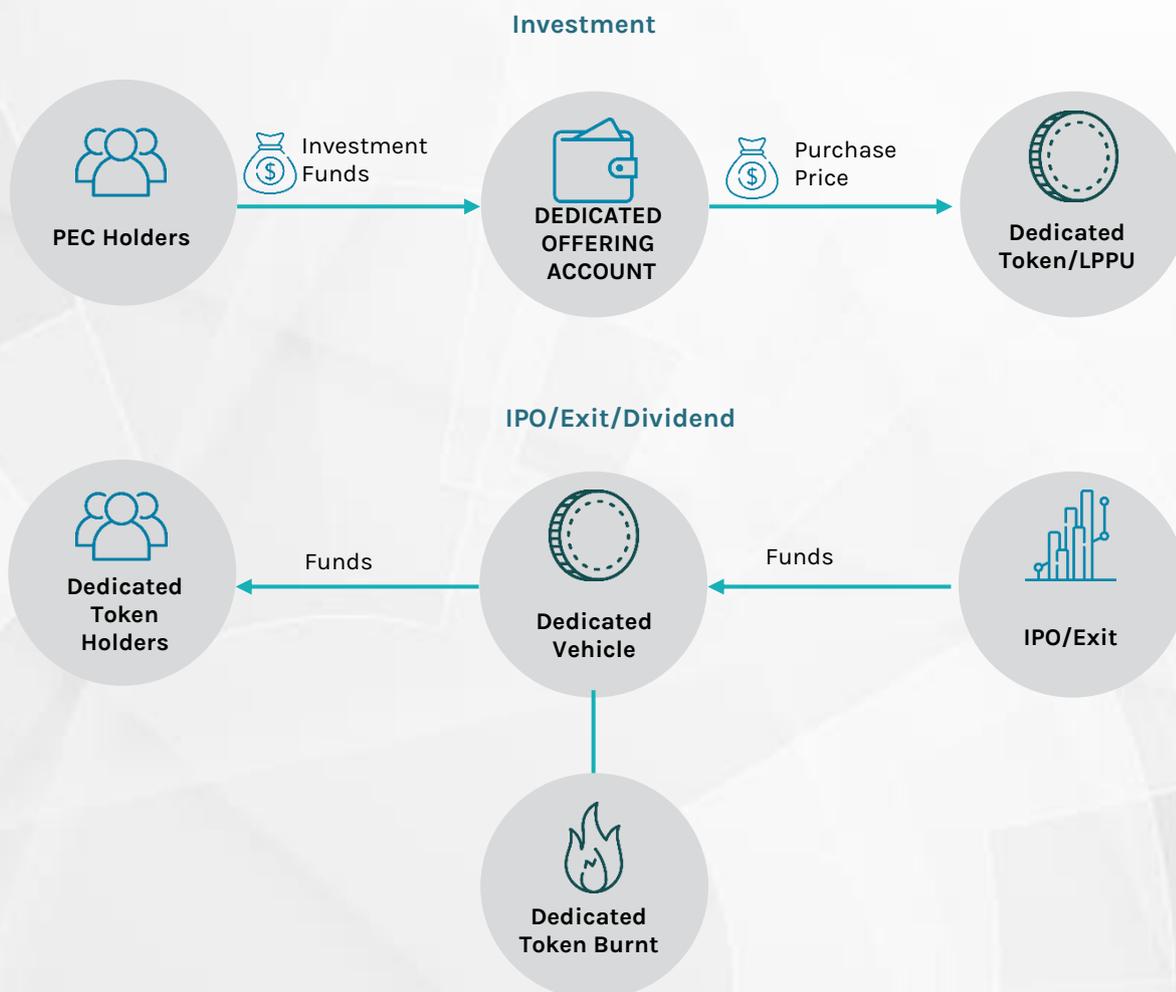


Figure 3 - DEDICATED TOKEN LIFECYCLE

¹⁴ References below are made in respect of Dedicated LPs, though investment may be made via Dedicated Vehicles, which may include other forms of incorporation

6.3.1 Tokenization of LPs

Being a platform for the secondary market, The Elephant's main goal is to provide liquidity to assets that have no or very limited liquidity. While classic investment in the secondary market through a SPV offers liquidity to the original private shareholders, at the same time, for investors, this usually means that they step in the sellers' shoes and 'burying' the invested funds for a period of 2-5 years, until an IPO or Exit of the Target Company.

In order to facilitate greater liquidity for them, we now tokenize and make participation units in a Limited Partnership liquid equity governed by smart contracts, via a token.

The Elephant's model is comprised of two Blockchain-based assets:

1. The PEC - an Ethereum-based cryptocurrency token used to share the revenues of the Platform, and
2. Dedicated Tokens an Ethereum-based cryptocurrency representing equity-backed smart contracts which manage participation in Dedicated Vehicles.

The PEC tokens will be a tradable cryptocurrency token. The equity-backed Dedicated Tokens will be tradable units of entitlement, giving their holders rights in the Dedicated Vehicle's assets while providing liquidity through the Platform, the liquidity reserve and once listed, on the regulated exchanges (for more on liquidity options, please see Section 7).

6.3.2 Dedicated Tokens

The Dedicated Tokens are issued as a result of an investment process that, in many ways, is similar to the process that a partnership/fund goes through when funded classically.

In particular, a partnership/fund must prove to investors that its assets/tokens have value. The main difference is that during this process the entirety of the partnership's assets (the shares in the Target Company) will be presented as equity tokens. This provides significant benefits to investors such as liquidity and minimized costs. In the following paragraphs we discuss equity tokens as they live on the Ethereum network.

Dedicated Token Value

Dedicated Tokens may only be acquired during a Dedicated Token Offering first by a holder of PECs who elects to participate and thereafter by Accredited/Qualified Investors that are listed on the Platform. These tokens represent the financial benefit in shares of an off-chain Target Company with terms specified in the Partnership Agreement and its corresponding smart contract.

Dedicated Tokens are in principle transferable, hence may be traded to other Accredited Investors that are registered on the Platform (even if they do not hold PECs). The Elephant Platform will enable such trading capability, subject to applicable regulation.

Investors holding the Dedicated Tokens may profit from proceeds paid by the Target Companies which are distributed by the Platform Operator (more on distribution in Section 0).

6.4 Dedicated Token Offerings - Establishment of Dedicated LP ⁽¹⁵⁾

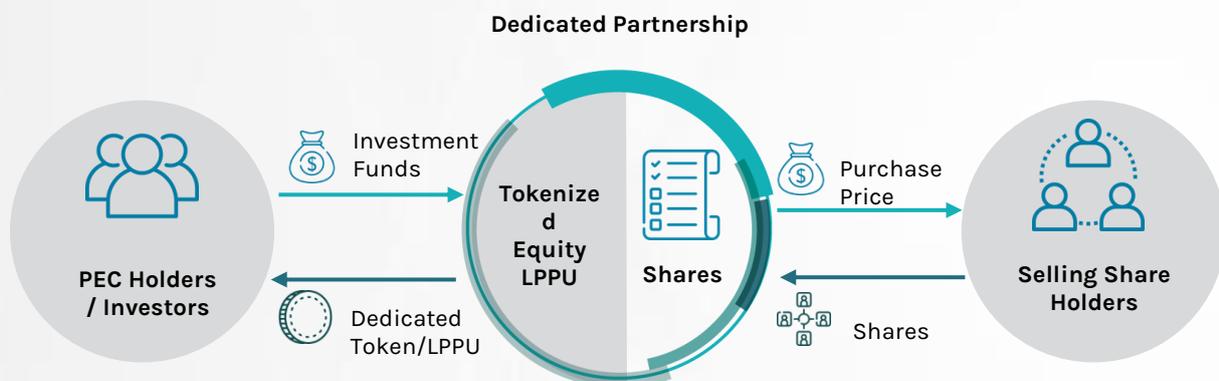


Figure 4 - INVESTMENT TRANSACTION

There are two sides to a Dedicated Token Offering. On one side, there is the investor that brings capital. In the case of investors on The Elephant Platform, these are the Investors listed on the Platform. On the other side, are the Selling Shareholders that offer their shares for sale on The Elephant Platform.

Once the terms of the sale are reached (in USD), a notice is sent out to all Investors who are entitled to participate in the Dedicated Token Offering.

The notice includes:

1. The number of shares in the Target Company that are to be purchased;
2. The price per share;
3. The total purchase price; and
4. The number of LPPUs and number of Dedicated Tokens to be issued to investors that choose to participate and purchase Dedicated Tokens;

Such notice will go out to all Investors each time that the terms of a transaction with respect to shares of a Target Company are finalized and a Dedicated Token Offering commences.

PEC holders and other Investors (subject to the first right of the PEC Holders) will be entitled to participate in the Dedicated Token Offering by notifying the Platform, through their personal area, that they wish to participate and purchase Dedicated Tokens of such Dedicated LP. Such notice (a Participation Notice) served by a PEC Holder or an Investor is binding.

¹⁵ References below are made in respect of Dedicated LPs, though investment may be made via Dedicated Vehicles, which may include other forms of incorporation

The Participation Notice needs to include:

1. The maximum number of Dedicated Tokens of such Dedicated LP that he or she wishes to buy and in the case of Investors that participated in the PEC IEO the maximum number of PECs that they wish to convert into such Dedicated Token;
2. If necessary, again at that point, KYC details and supporting documents verifying his or her status as a Qualified/Accredited Investor at such time.

All Investors participating in the Dedicated Token Offerings are subject to the Dedicated LP partnership agreement. A generic version of the agreement will be available for download on the Platform website and distributed in personalized form after the IEO ends.

Once Participation Notices are received by the Platform Operator with respect to the entire amount of LPPUs (and in any event not less than LPPUs representing a minimum of \$1 million), **the Platform Operator will initiate the purchase process from the Selling Shareholder and calculate the number of Dedicated Tokens that each Investor who provided a Participation Notice is committed/entitled to purchase under the following order:**

1. First to Investors that participated and invested in the PEC IEO and wish to convert PECs to such DT. The calculation will be done on a pro rata basis with a right of overallocation in case some Investors that participated in the IEO fail to exercise their right of conversion and others wish to participate in this Dedicated Token Offering in excess of their pro rata portion (provided that in no event will the conversion by any Investor that participated in the IEO will exceed 40% of the total amount invested by him/her in the IEO, after which time the conversion option will expire);
2. Second, to all PEC Holders, pro rata to their holdings of PEC;
3. Thereafter, to all Investors that are members of the Platform.

Note that the purchase of the shares of any Target Company is subject to right of first refusal of the Target Company or other shareholders, in some cases also to approval of the Target Company's board of directors or other transfer restrictions as may be applicable.

Having become a beneficial owner of financial rights in the Target Company, the owner of the Dedicated Tokens now has rights to profit sharing, exit proceeds, and other rights contributing to an investor's ROI all in accordance with the Partnership Agreement.

Double Security - in contrast to other investments in the cryptocurrency industry, where once a crypto currency holder loses his or her digital wallet or forgets his or her private keys, he or she loses everything in it, in our system, in addition to holding the Dedicated Token, the Holder will own the LPPUs represented by such Dedicated Token and be registered in the register of Limited Partners. Therefore, even if he or she loses his or her digital wallet or forgets the private keys, the Dedicated Token holder will not lose the equity backing the Dedicated Token and in the event of an Exit/IPO of the Target Company, he or she will still benefit from the investment.

The Platform Operator may, subject to receiving indemnification from the Dedicated Token Holder to the satisfaction of and at full discretion of The Elephant, issue replacement Dedicated Tokens and burn the lost ones.

In addition, once a Dedicated Token is transferred from one holder to another, the GP will update the register of limited partners accordingly and keep such register up to date on a regular basis.

6.5 Distribution of Funds upon IPO, Exit or Dividends ⁽¹⁶⁾

When there is a realization of an exit in one of the Dedicated LPs from the shares in the Target Company, the Platform Operator will:

1. Distribute the underlying shares (less fees) or the net realized gains (the full realized gain minus associated fees and expenses and taxes as may be applicable) to the Holders of the Dedicated Tokens of such Dedicated LP.
2. All Dedicated Tokens of such Dedicated LP will be burnt.

In case of an M&A yielding shares in the acquiring company which is private, the LPPUs and corresponding Dedicated Tokens will represent the rights with respect to shares of the acquiring private company.

6.6 Investment Terms & Partnership Agreement ⁽¹⁷⁾

The Elephant Platform uses investment terms with just a few simple parameters to set. Investors will acquire Dedicated Tokens on such terms during Dedicated Token Offerings.

The Partnership Agreement is signed by the GP and each holder of Dedicated Tokens, this happens when a Dedicated Token Offering succeeds or as a Dedicated Token is transferred to a new holder. Please refer to legal section for jurisdiction and formal requirements. From the point of view of the platform participants, this agreement sets the following:

1. How many Dedicated Tokens are there in total and how many are held by such investor and for what price, specifying in effect the percentage of Dedicated Tokens and LPPUs that such investor acquired;
2. The rights associated with the specific Dedicated Partnership or Tokens, including, but not limited, to the right to transfer them to a third party; and
3. The rights and obligations of the GP of the Dedicated Partnership and rights of the investor as limited partner of the Dedicated Partnership.

¹⁶ References below are made in respect of Dedicated LPs, though investment may be made via Dedicated Vehicles, which may include other forms of incorporation

¹⁷ References below are made in respect of Dedicated LPs, though investment may be made via Dedicated Vehicles, which may include other forms of incorporation

6.7 Platform Fees

For providing its services the Platform Operator intends to collect the following fees:

1. Seller side commission - 2.5% of the total consideration received by the Selling Shareholder for his shares, including in case where the first refusal right was exercised.
2. Management fee - An annual management fee equal to 1% of the amount invested in the Dedicated Token Offering. This fee will be payable upon closing of a Dedicated Token Offering and as a condition to receipt of the Dedicated Tokens by the investor, and thereafter will be paid by the Dedicated Token Holder on an annual basis.
3. Success Fee - following an IPO/Exit/Dividend distribution, the Platform Operator will receive a success fee equal to 10% of the profits (total returns less the original investment amount in the Dedicated Tokens, before any applicable tax).

The above fees may be changed by the Platform Operator from time to time.

7 Exchange Listings and the Liquidity Reserve

7.1 Token Exchanges

The natural places for trading tokens are exchanges. Through the token exchanges PEC and Dedicated Token Holders on one hand and interested investors on the other hand have the technical infrastructure and meeting point to trade tokens. We plan to examine alternatives to list the tokens on cryptocurrencies or securities exchanges after the IEO, subject to the way this market evolves and the exchanges being able to trade security tokens such as ours.

As of today, exchanges are still not able to support security tokens, but there are many potential exchanges that are planning on going live, some of them as early as by Q2 of 2019.

As more and more ICOs, STOs and IEOs of security tokens are completed in parallel to the regulatory authorities (mainly the SEC) taking the position with respect to more and more IEOs and ICOs that blockchain tokens will be considered as securities despite of the fact that the issuers describe them as utility tokens, and we believe the market has no alternative but to adapt, and we expect exchanges to start supporting security tokens in the coming months in accordance with securities regulation.

We are also planning at a later stage to apply for a license of a Multilateral Trading Facility (MTF) or a Regulated Market (RM) in the UK or another EU member country to operate an exchange for security tokens for Accredited Investors. Once we establish this exchange, we will be able to list the PEC and the Dedicated Tokens.

7.2 Liquidity Reserve and Liquidity Platforms

Since listing of security tokens on exchanges is currently not available, and even once this will be available, listing tokens on an exchange does not guarantee supply or demand (which will depend on the performance of the Platform and market conditions), until sufficient liquidity is reached through the exchanges, we will be setting up a liquidity reserve and connect to liquidity platforms for additional liquidity options that do not require a centralized exchange, as described below.

The Elephant intends to partner with platforms (such as Bancor to enable continues liquidity with the Bancor "Smart Tokens"), subject to such platforms' ability to enable liquidity for security tokens in accordance with applicable regulations.

7.3 On the Platform

The Elephant will add another layer of liquidity, by acting as a market maker for PEC and Dedicated Token holders that wish to buy or sell Dedicated Tokens and/or PEC, subject to its commercial considerations, risk policy and applicable regulation.

7.4 General Considerations

1. We are not looking for or fitting for flippers or day-traders. We are aiming at Accredited/Qualified Investors looking to invest at a pre-IPO price and wait for an IPO/Exit or good news from the Target Companies. This model is not designed to let all investors to sell or buy their entire interest in one go.
2. We wish to put the investors in a better position than they were in before the Token Model. We wish to allow liquidity to the point that if (i) there is good news from a Target Company whose shares are held by a Dedicated LP, the holders of the Dedicated Tokens in such Dedicated LP will be able to financially liquidate and benefit from the sale of their interests (or some of it); or (ii) an investor is "stuck" and needs immediate liquidity, he will be able to liquidate his holdings, hopefully at a good price, but there is no guarantee for the price (iii) just like any asset, there is liquidity for those who wish to diversify/change their investment portfolio from time to time.

8 Further Ecosystem Evolution

8.1 Ecosystem Impact

A platform such as The Elephant Platform does not exist in isolation. Rather, it is a part of a live ecosystem and impacts the broader investment space and now, the crypto-community as well, in a number of ways. Yet, unlike other projects that use the technology for fundraising, The Elephant aims to strengthen and expand the ecosystem itself in a number of ways. The Platform acts as a mechanism for indirect onboarding the shares of off-chain tech companies to Blockchain, and specifically Ethereum. There is a clear incentive for holders of interest in shares in existing ventures to "tokenize" such holdings. We provide a tool for shareholders and investors in existing businesses to dip their toe in the waters of Blockchain by making the tokenization of equity rights easy, legal and secure. In that way, we are facilitating the creation of many new and valuable token systems that do not need their own Blockchain platform. This makes the whole ecosystem stronger by tying more of its pieces to value created in the off-chain world.

In addition, we are constantly working towards greater transparency and accountability for fundraising via the IEO. While investors in the crypto space were facing a problem: how to ensure that project owners issuing tokens actually follow through on the promises they make. The transactions between investors and 'ICO Makers' in too many cases, took place without any legally binding contracts and without real assets backing them. As such, they had no means of protecting themselves against fraud, misuse of funds and other questionable conduct or even the risk of failure to deliver on their most basic promises, as it turned out in many cases. The only thing holding project owners accountable was the potential for loss of reputation and goodwill. This goes against the founding ethos of trustless systems entirely. In our case, with the Dedicated Tokens being equity-backed, the investors' risk is mitigated.

The Elephant incentivizes investors in both crypto and non-crypto spaces to invest capital. Investors already active in the crypto space gain access to attractive investment opportunities from outside the space and get to invest in shares of well-established tech companies and other asset-backed tokens. Investors that haven't joined the crypto economy find in The Elephant's IEO, an easy and less volatile way to get started. We bring off-chain capital on chain in a stable manner. We call this "Conservative Crypto Investing"

As mentioned above, the rationale behind creating our own token, the PEC, is that our tokens are security tokens that are intended to service the transactions on our Platform and around which we wish to build a large international community of Accredited/Qualified Investors, who will not only enjoy the benefits of using the Platform and what the Platform has to offer but will also share in the growth, success and revenues of the Platform. Once you are cleared as an Accredited Investor and joined our community you will automatically be able to enjoy access to opportunities that will be presented on the Platform, initially shares of pre-IPO Tech companies and later on additional opportunities, and to enjoy from the services provided by the Platform (analysis, management etc.).

8.2 Platform Development

We intend to use the funds raised in the IEO, to expand and improve our Platform and its ecosystem. Initially we plan to expand the number of shares and number of pre-IPO Tech companies whose shares will be listed on the Platform as well as the number of registered Accredited/Qualified Investors.

8.2.1 Primary Transactions, Employee Buy-Back Programs

At a later stage and as part of the overall vision, we expect that companies themselves will realize the potential in "tokenizing" their shares **and from providing liquidity to their shareholders and employees through our Platform**. Such companies may seek to raise funds for themselves through this process and look to issue new shares that they will put up for sale through our Platform **and will also seek to perform buy-back programs for shares held by their employees through our Platform**.

Once the ecosystem is established and proven, private companies will be able to place their shares or the shares held by their employees in Dedicated Vehicles directly, thus providing an attractive, low-entry, and liquid investment channel for accredited and institutional investors where they will also have direct access to the issuing companies and to information about such companies.

8.2.2 Employee Options

Once our Platform is well established, our investors community is large enough and fast-moving, we will be able to also liquidate share options of employees. A substantial percentage of employee stock options in private tech companies are never exercised. Partly this is because with no liquidity available to them, employees choose to have the options expire rather than taking the risk of investing their own funds to exercise the options and end up "stuck" with these shares for an unknown time and with no guaranteed return. In order to offer a solution to these option holders we need to reach a point that we can put together a Dedicated Token Offering in a time frame that meets the timeframe of the option exercise periods.

8.2.3 Additional Fields of Activity

We intend to cooperate and allow access to our platform and services (legal, financial, analysis, etc.) to companies that wish to use these in other fields of activities (sports clubs for example) who wish to get exposed to the crypto community.

In addition, our platform will be capable of providing easily attainable investment opportunities in various kinds of pre-IPO companies, without limitation to hi-tech, software or Blockchain oriented fields of activity.

8.3 Security Tokens Exchange

As a result of the lack of platforms to trade security tokens, one of the main obstacles preventing security tokens from picking up steam has been a lack of places to trade them. However, this situation is evolving quickly. Many new platforms are being launched in 2018 that will help security tokens launch with full regulatory compliance, including Accreditation, KYC and AML compliance. In addition, several security token exchange platforms are expected to be launched in 2019. Templum claims to have executed the first security token trade in a fully compliant platform¹⁸, and Overstock.com also says it is building a SEC-compliant digital assets exchange through its subsidiary tZero. Recently, SharesPost (a leading secondary market platform) announced that they expect their security token exchange platform to be available in H2 2018¹⁹, and Coinbase announced that they have regulatory approval to list security tokens for sale²⁰.

As mentioned above, we intend to list our tokens on an exchange once it is operational.

In addition, at a later stage, to apply for a license in the UK or another EU member country to operate an exchange for security tokens for Accredited/Qualified Investors. Once we establish this exchange, we will be able to list the PEC and the Dedicated Tokens and also to offer it to other security tokens and expect that this can be another driver in the success of the Platform.

8.4 Local Partnership Program

There are various local stock exchanges in certain countries with an emerging tech industry (mainly Eastern Europe) that are looking for ways to attract local companies to list with them, rather than looking to list with major exchanges abroad. Part of the reason is that these exchanges are not considered attractive enough for these companies.

We intend to approach local exchanges to cooperate with them and offer them our platform so they can offer tokenized liquidity for these companies while they are still in the private stage, also in order to attract them to stay with these exchanges if and when they elect to go public.

¹⁸<https://www.bloomberg.com/news/articles/2018-01-22/digital-token-exchange-claims-first-sec-compliant-trade>

¹⁹<https://www.prnewswire.com/news-releases/sharespost-announces-ats-for-secondary-trading-of-security-tokens-300647835.html>

²⁰<https://www.coindesk.com/coinbase-claims-it-now-has-regulatory-approval-to-list-security-tokens/>

9 Use of Proceeds

All funds raised through the token sale will be used as follows:

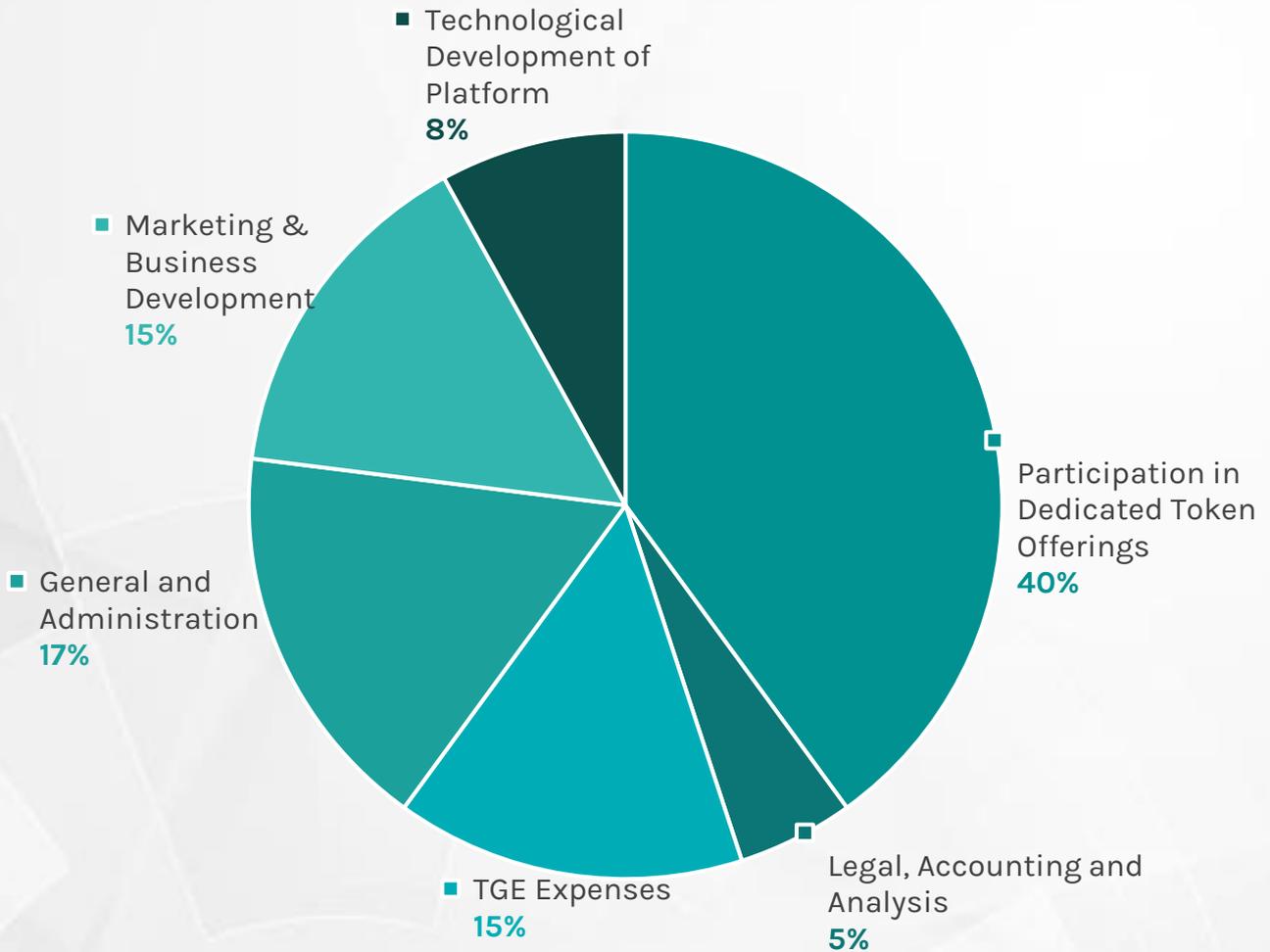


Figure 5 - USE OF TOKEN SALE FUNDS

*The above is subject to change, based on The Elephant decision

10 Token Issuance

To finance The Elephant's roadmap and activities in the foreseeable future, The Elephant intends to conduct a token sale of an initial supply of the PEC tokens, each PEC will be issued for \$0.33 and the hard cap will be \$10,000,000.

Once this round is completed, The Elephant may conduct additional raises on different terms (price and bonus mechanisms).

The total number of PECs will be up to 150,000,000. The allocation of the total PEC tokens will be as follows:

1. 26% of the total number of tokens will be allocated to token purchasers during the token sale (including bonuses to purchasers).
2. 15% of the total number of tokens will be allocated to the team and seed investors and will be gradually vested over a 24-months period in quarterly installments.
3. 15% of the total number of PECs will be allocated to partners, advisors and incentives to promote the token sale and platform.
4. 5% of the total number of tokens will be allocated accredited investors that complete their registration and verification process with the Platform, as part of the Accredited Investors Recruitment Program.
5. 39% of the total number of tokens will be allocated to the Company and held by The Elephant as a reserve and treasury for future development of the platform, eco-system and strategic plans.

* The allocation may change in accordance with The Elephant's business needs and success of the token sale. Any PEC tokens not issued under items (1) (2) and (3) will be added to the reserve under item (4).

11 PEC Token Risk Factors

11.1 Acknowledgment and Assumption of Risks

Contributors in the IEO and participants in Dedicated Token Offerings acknowledge and agree that there are risks associated with purchasing PEC Tokens, holding PEC Tokens, and using PEC Tokens for providing or receiving Services and using The Elephant Platform and any other service, as disclosed and explained hereafter. BY PURCHASING PEC TOKENS, INVESTORS EXPRESSLY ACKNOWLEDGE, ACCEPT AND ASSUME THESE RISKS:

11.1.1 Risk of Losing Access to PEC Tokens Due to Loss of Private Key(s)

A private key, or a combination of private keys, is necessary to control and dispose of PEC Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing PEC Tokens may result in loss of such PEC Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate these PEC Tokens and the Holder bears full responsibility to notify The Elephant in such a case.

11.1.2 Risks Associated with the Ethereum Protocol

Because PEC Tokens and the Platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the Platform or PEC Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the PEC Tokens and the Platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

11.1.3 Risk of Mining Attacks

As with other decentralized cryptographic tokens based on the Ethereum protocol, the PEC Tokens are susceptible to attacks by miners in the course of validating PEC Token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Platform and the PEC Tokens, including, but not limited to, accurate execution and recording of transactions involving Tokens.

11.1.4 Risk of Hacking and Security Weaknesses

Hackers or other malicious groups or organizations may attempt to interfere with the Platform or the PEC Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Platform is based on open-source software, there is a risk that a third party or a member of the Company team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Platform, which could negatively affect the Platform and the PEC Tokens.

11.1.5 Risk of Uninsured Losses

Unlike bank accounts or accounts at some other financial institutions, PEC Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by us, to offer recourse to you.

11.1.6 Risks Associated with Uncertain Regulations and Enforcement Actions

The regulatory status of the PEC Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Platform and the PEC Tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Platform and the PEC Tokens. Regulatory actions could negatively impact the Platform and the PEC Tokens in various ways, including, for purposes of illustration only, through a determination that PEC Tokens are a regulated financial instrument that require registration or licensing.

We may cease our operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. Moreover, regulatory agencies in various jurisdictions may determine, at any time, with or without prior notice, to take regulatory sanctions or enforcement actions against us, including to cease our operations and to freeze our assets. Our ability to challenge such actions is very limited and we may not be able to resume our operation or release our assets. Furthermore, due to changes and developments in regulatory requirements, the company may change its business plan in various jurisdictions so in order to comply with such regulatory changes, in a manner that may be different than the manner described in our Whitepaper.

11.1.7 Risks Arising from Taxation

The tax characterization of PEC Tokens is uncertain. You must seek your own tax advice in connection with purchasing, holding and utilizing PEC Tokens, which may result in adverse tax consequences to you, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes and similar taxes, levies, duties or other charges and tax reporting requirements.

11.1.8 Risk of Alternative Networks

It is possible that alternative networks could be established in an attempt to facilitate services that are materially similar to the Services. These alternative networks may compete with The Elephant Platform, which could negatively impact the Platform and PEC Tokens.

11.1.9 Risk of Insufficient Interest in the Platform or Distributed Applications

It is possible that The Elephant Platform will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the Platform) more generally. Lack of interest from external exchanges could also result in the PEC Tokens not obtaining a listing on their respective platforms. Such lack of use or interest could negatively impact the development of the Platform and therefore the potential utility of PEC Tokens.

11.1.10 Risks Associated with Regulation and Enforcement Actions

It is possible that The Elephant Platform will be subject to new regulatory or compliance requirements or that the current regulatory environment will change, limit or prevent the provision of the Services in specific jurisdictions, in a way that could negatively impact the development of the Platform and therefore the potential utility or value of PEC Tokens.

11.1.11 The PEC Token may not be listed on any cryptocurrencies exchange, which will adversely impact its liquidity

As our PEC token is a security token, and we may not list it in any cryptocurrencies exchange, you may not be able to trade the PEC Token on a cryptocurrency's exchanges. This will adversely impact the liquidity of the PEC Token and your ability to trade in your PEC Tokens and may affect the value of the PEC Tokens.

11.1.12 Risks Associated with the Development and Maintenance of the Platform

The Platform is still under development and may undergo significant changes over time. This could create the risk that the PEC Tokens or Platform, as further developed and maintained, may not meet your expectations at the time of purchase. Furthermore, despite our good faith efforts to develop and maintain the Platform, it is still possible that the Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Platform and PEC Tokens.

11.1.13 Risk of an Unfavorable Fluctuation of Ethereum and Other Currency Value

The Elephant's team intends to use the proceeds from selling PEC Tokens to fund the maintenance and development of the Platform and Services. The proceeds of the sale of PEC Tokens will be denominated in USD and may be converted into other cryptographic and fiat currencies. In addition, some pre-sales of the PEC Tokens may also be denominated in fiat currencies. If the value of Ethereum or other currencies fluctuates unfavorably during or after the Sale Period, the Company team may not be able to fund development or may not be able to maintain the Platform in the manner that it intended.

11.1.14 Risk of no earnings or yields

Although PEC holders are eligible to participate in the Platform's revenues, it is possible that no earnings of any kind will be gained and therefore PEC holders will not be entitled to any revenues. The Platform cannot guarantee any yields from its activities.

11.1.15 Risk Associated with the Target Companies

The Dedicated Tokens represent interests in LPPU's, which in turn represent equity in the Target Companies. As a result, the value of the Dedicated Tokens may be impacted by the value of the Target Companies which they represent. PrivateEquity.biz has no control over the performance, value, or financial results of the Target Companies, nor does it provide any representations on the merits of investments in the Target Companies. Poor or disappointing financial results of the Target Companies may adversely impact the value of your Dedicated Tokens.

11.1.16 Risk Associated with the Blockchain Industry

The growth of the blockchain industry in general, as well as the blockchain networks with which the Platform and the PEC Tokens will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the blockchain industry, as well as blockchain networks, include, without limitation:

1. Worldwide growth in the adoption and use of Bitcoin, Ether and other blockchain technologies;
2. Government and quasi-government regulation of Bitcoin, Ether and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
3. The maintenance and development of the open-source software protocol of the Bitcoin or Ethereum networks;
4. Changes in consumer demographics and public tastes and preferences;
5. The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
6. General economic conditions and the regulatory environment relating to cryptocurrencies; or
7. A decline in the popularity or acceptance of the Bitcoin or Ethereum networks would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Platform and the PEC Tokens.

11.1.17 Risk of incompatible Wallet Service

PEC Tokens have to be stored in a legally and technically compatible wallet. Any failure to assure this may deny access to PEC Tokens.

11.1.18 Risk of Dissolution of the Company or Platform

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ethereum (or other cryptographic and fiat currencies), decrease in the PEC Tokens' utility due to negative adoption of the Platform, the failure of commercial relationships, or intellectual property ownership challenges, the Platform may no longer be viable to operate and the Company may dissolve.

11.1.19 Risks Arising from Lack of Governance Rights

Because PEC Tokens confer no governance rights of any kind with respect to the Platform or Company or its corporate affiliates, all decisions involving the Platform or Company or Investment strategy will be made by Company at its sole and absolute discretion, including, but not limited to, decisions to discontinue the Platform, or to sell or liquidate the Company. These decisions could adversely affect the Platform and the PEC Tokens you hold.

11.1.20 Risks Involving Cloud Storage

As The Elephant may provide a decentralized cloud storage service to individual and institutional clients, including users and applications, the Services are susceptible to a number of risks related to the storage of data in the cloud. The Services may involve the storage of large amounts of sensitive and/or proprietary information, which may be compromised in the event of a cyber-attack or other malicious activity. Similarly, the Services may be interrupted and files may become temporarily unavailable in the event of such an attack or malicious activity. Because users can use a variety of hardware and software that may interface with the Platform, there is the risk that the Services may become unavailable or interrupted based on a failure of interoperability or an inability to integrate these third-party systems and devices that the Company does not control with the Company's Services. The risk that the Services may face increasing interruptions and the Platform may face additional security vulnerabilities could adversely affect the Platform and therefore the future utility of any PEC Tokens that you hold.

11.1.21 Unanticipated Risks

Cryptographic tokens such as the PEC Tokens are a new and untested technology. In addition to the risks included in this document, there are other risks associated with your purchase, holding and use of PEC Tokens, including those that The Elephant cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this section.

12 Marketing Plan

Our Platform currently offers shares with a total over \$100,000,000 that have been listed on the Platform. In addition, we have over 2,000 private investors from all around the world registered on our Platform.

The shares offered through our Platform are shares of late-stage and pre-IPO private companies from all around the globe, which meet the threshold conditions of the Platform and which are offered mainly by senior high-tech employees.

We plan to have many more shareholders and investors join our Platform, and we aspire to reach hundreds of listed Target Companies and an Investor Community of over 10,000 Accredited/Qualified Investors by the end of 2020.

In order to get there, we focus on addressing the following:

12.1 Recruiting Private Shareholders who wish to List their Shares

We are targeting specific cities where the number of shareholders is the largest. The list of cities, which have received the highest score for working in tech and thus have the largest number of high-tech employees are as follows:

New York City	Berlin	Amsterdam	London	Dublin
Paris	Tel Aviv	San Francisco	Los Angeles	Boston
Seattle	Austin	Chicago	Toronto	Montreal
Moscow	São Paulo	Singapore	Bangalore	Sydney

12.2 Grow Investor Community

Through our Token Model, we are able to add the crypto community to our investor community while giving the opportunity to invest their crypto currencies into equity-backed and stable tokens.

In order to get there, we also intend on forming strategic joint ventures with local entities that can introduce us to their local markets and their local business community.

In order to encourage Accredited/Qualified Investors to join our Platform we are launching an Accredited Investor Recruitment Program and distribute PECs to investors that successfully complete their registration to the Platform. The Incentive Program will be available on our Platform and the number of PECs to be distributed will be limited in time and in number of PECs.

13 Platform Governance & Organizational Structure

The Elephant Platform functions as an ecosystem of off-chain and on-chain entities with legal and smart contracts that back them. The following are the entities involved in operating it.

Platform Operator is a company that manages and continuously develops the Platform that hosts The Elephant ecosystem. It bears the cost of developing and running the Platform, which includes employee salaries and the cost of legal and accounting representation, analysis services. Platform Operator generates revenue from the Platform. Therefore, the success of Platform Operator is fully aligned with the success of the Platform. Platform Operator is currently an off-chain company, managed by The Elephant's (formerly PrivatEquity.biz) management team (see Team). Management means among others: development of and updates to the code, setting fees, creating legal structure, setting the token model, performing basic legal due diligence, etc.

GP is a company that manages the Dedicated Vehicles in accordance with the Partnership Agreement (if a partnership) or in accordance with its governing documents. The GP managed by The Elephant's management team (see Team). Management means among others: setting up the Dedicated Vehicles, keeping all registers up to date on a regular basis, complying with reporting requirements, as needed to its members and to authorities.

The Company is The Elephant Secondary Market Platform UK Limited, a UK company.

PEC Holders are a community gathered around the Platform with common economic interests. They will include the Platform Operator, Investors, and any other entities that decide to acquire PEC.

Dedicated Token Holders Anyone that has acquired Dedicated Tokens (either in a Dedicated Token Offering or thereafter through the Platform or through trading). Dedicated Token Holders do not necessarily need to be PEC holders. They have rights, to be exercised with the use of tools delivered by The Elephant. They can have shorter term (sale of tokens to other investors) or longer (exit etc.) stakes in the Target Company's success. They are compensated by valuation increase (secondary sale), or proceeds from an exit, or proceeds pay-outs. All Dedicated Token Holders together with the PEC Holders and Accredited/Qualified investors that complete their registration to the Platform and are eligible to buy and hold PECs and Dedicated Tokens, form the Investment Community. We aim not to exclude anyone that is an "Accredited/Qualified Investor" from our Investment Community.

Dedicated Vehicles We assume that legal systems will eventually recognize equity that "lives" directly on the blockchain. This development is already happening in a few progressive jurisdictions in the world, with Delaware, USA, as the most prominent example. Until a sufficiently solid legal framework is developed, we use a legal structure set up by us specifically for that purpose. It involves using a separate dedicated vehicle under the full control of the GP. This Dedicated Vehicle serves as a legal holder of the equity of Target Companies (and is thus included in the Target Company's cap table). Dedicated Vehicles allow The Elephant token model to be fully effective without awaiting future legislative changes.

14 Summary and Highlights

Below is a summary of the key highlights of this Whitepaper:

1. The Elephant is a platform in the private secondary market for share of leading pre-IPO companies.
2. The Elephant IEO is meant to raise funds to expand the already operational secondary private platform and to set up the initial Dedicated LPs and conduct the initial Dedicated Token Offerings.
3. The more PECs one holds, the more he can convert into Dedicated Tokens (up to 40% of PECs purchased in the IEO) and to enjoy from the revenues of the Platform that will be distributed to PEC Holders and from the increase of value of the Platform as it expands and grows.
4. Once a transaction is closed, Investors who participate in Dedicated Token Offerings will purchase Dedicated Tokens of Dedicated Vehicles holding the shares of such Target Company. The Dedicated Tokens represent Limited Partnership Participation Units that are recorded on the Dedicated Partnership register (where the Dedicated Vehicle is a partnership). A double verification protection system assures that in case a Holder loses his digital wallet or private keys he will not lose his investment.
5. PEC and Dedicated Token holders can liquidate their holdings through the Platform, the Liquidity Reserve (no guarantee on the price), and regulated exchanges (once available).
6. Holders of PEC and/or Dedicated Tokens do not solely depend only on the value of the token, since they are backed by real-equity. Accordingly, a Holder can enjoy immediately a rise in the value of the PEC or the Dedicated Token but are not dependent on it to achieve a positive return.

We welcome your questions, concerns, and comments to this whitepaper specifically, and regarding The Elephant in general. Please track our progress or get in touch using the following channels:

1. The Elephant Platform - <https://theelephant.io/>
2. The Elephant Twitter account: <https://twitter.com/theelephant>
3. The Elephant LinkedIn: <https://www.linkedin.com/company/theelephant/>
4. The Elephant Facebook page: <https://www.facebook.com/theelephant.io/>
5. The Elephant Telegram Group: https://t.me/theelephant_io