



The Legal framework of the Fieldcoin Project

FIELDCOIN : conjunction of efficient land market transaction and effective land management for sustainable economical, social and environmental purposes in the interest of Token holders.

Identifying land markets investors expectations :

- A simple and understandable procedure to recognize land property rights ;
- Effective, secure documentation of land property rights ;
- Protection against infringement of land property rights by others ;
- A public record of land property rights easily accessible to others ;
- Complete records and incontrovertible proofs of lands property rights ;
- Convenient methods to transfer land property rights ;
- Effective procedures to preserve the lands property rights records ;
- Cheaper conveyancing, quicker and better access to land information or more secure title ;

Identifying traditional land systems legal risks, complexities and deficiencies

Land ownership reserves many legal risks due to the deficiencies of the Land Administration Systems.

There is no unified Land Administration System on the global stage, that makes the land ownership even riskier from one jurisdiction to another.

The common legal risks known to lands owners are :

- Absence of any comprehensive land administration system in many jurisdictions ;
- Inefficiency of land registry system in many jurisdictions,
- Absence of cadastral map in many jurisdictions
- Risks of destruction or lost of land records,
- Human error,
- Corruption,
- Legal and political instabilities. These risks inevitably bring numerous uncertainties as to the rights attached to land ownership.

How to explain the legal risks inherent to land ownership

The risks attached to land ownership can also be explained by the procedure through which land property is acquired and registered. Leaving aside customary (usually an oral agreement accompanied by

symbolic / customary ritual), religious (waqf lands in Middle East) private conveyancing (notarial systems) there are two main formal systems of recording and making inventories of land property: deed registration and title registration.

Titles vs Deeds

Legally speaking deeds registration is a system where the documents recorded in the land registry are the evidence of title, while registration of title is a system where the register itself serves as the primary evidence.

Understanding the Deed System :

- Public repository of documents,
- No government legal analysis,
- Review only formal requirements, such as signatures, acknowledgement, stamp tax...etc
- Little examination of chain of title required,
The basic principle normally is that registered deeds take priority over unregistered deeds, or any deeds registered subsequently.
Basic deeds registration systems is source of many legal risks :
- A deed does not in itself prove title; it is merely a record of an isolated transaction ;

- If properly drawn, it shows that a particular transaction took place, but does not prove that the parties were legally entitled to carry out the transaction and consequently it does not prove the transaction valid ;
- Registration is often not compulsory and, as a general rule, many rights are not registered and consequently lands records may be incomplete.
- Reviewing and assessing all the documents required to determine the validity of a claim to ownership can be extremely tedious and expensive to undertake, (a necessary check of the sufficiency of each recorded document),
- They are not “parcel based”; in other words they are indexed under the names of the parties, rather than the parcel of land, and cadastral maps are not necessarily used in the system ;
- higher legal costs incurred with every transaction when the deed system is supported by vested intermediaries such conveyancers, lawyers or notaries. The deficiencies and legal risks related to deed system rely on the limited role of Public authorities in deed system. Thus, in a traditional deed system, the function of public authorities is very limited :
- Public authority is simply a repository for the documents ;

- Public authority receives the documents, indexes them, and returns them to the land owner ;
- Public authority normally does not check to see if the documents meet the purpose they are meant to meet ;
- By receiving the documents Public authority is not determining it to be valid.

The basic structure of a deeds registration system is a public repository where documents evidencing transactions with land can be lodged, numbered and dated, indexed, and archived. The recording of the document will give public notice of the transaction, may give priority to the right claimed in that document and may serve as evidence of the transaction.

Understanding the Title System :

Unlike Deed system, Title registration systems normally guarantees that the persons named as owners in a certificat of title have an indeafeasible title. But like Deed system, Title system reserves some deficiencies and legal risks that cannot be ignored.

- Title system does not necessarily guarantee boundaries,
- Title system does not necessarily guarantee the validity of encumbrances, because their validity depends on external facts,
Furthermore, in Title system, informality may have real negative

impact that could result in potential legal risks for property owners.

Generally a title registration system is more dependent on registration. Failure to register a title has more serious implications in a title registration system than in deeds registration. This is because in a deeds system registration can take place despite a gap in the chain of title caused by the failure to register preceding dealings. In a title registration system a dealing must generally be made by the existing registered proprietor or someone claiming through a registrable dealing executed by the registered proprietor. Informality on a large scale can render a title registration system ineffective, so it is important that there be sufficient incentives for individuals to register their transactions.

A large number of reasons explain why people may not be inclined to register subsequent dealings :

- Fees and charges;
 - Conviction that informal rights are secure (for example, there is no need to register an inheritance, or there are competing customary or informal systems for enforcing rights;
 - Difficulty in gaining access to the register;
 - Complex rules and procedures;
 - Lack of awareness of laws, rules and procedures.

Moreover the Title registration system is often perceived as more complex because every transaction required scrutiny. It's a slower and

bureaucratic system. A lot of documents may be rejected and the registry office often requires multiple trips by parties to satisfy registry officer.

In title system, the role of public authority is to guarantee the land ownership. Reaching such objective require high spending to hire skilled legal specialist and heavy costs to maintain the System. Consequently, title registration need major administrative costs for land owners.

Both Deeds and title systems reserve many legal risks, a lot of complexities and many costs that can be discouraging for potential land investors.

The objectives of Fieldcoin's Land System :

Combining Blockchain technology and traditional legal instruments, the objectives of the Fieldcoin project is to bring more legal certainty to land ownership rights while facilitating the transfer of ownership through the implementation of a robust land administration system which makes land markets more efficient, the building of a land information infrastructure that allows an easy access to a broader and complete land informations, the implementation of a land-use management system to ensure sustainable economical, environmental and social exploitation of lands in the best interest of lands owners.

The Fieldcoin project will function with two different types of token which are different on a legal point of view.

Fieldcoin's fungible ERC 20 Token

The Fieldcoin ERC 20 token is a utility and payment token which is not backed by any asset whatsoever.

The Fieldcoin ERC 20 token functions as an instrument of transaction which will allow token holders to access Fieldcoin Eco-system in order to buy lands on Fieldcoin's land marketplace or to participate in the crowdfunding of agro-business projects carefully approved by Fieldcoin's legal and land management teams.

But land buyers don't necessarily need to hold the ERC 20 tokens to buy lands on Fieldcoin's land marketplace.

During the Field Coin Offering, potential lands buyers will also be able to acquire land properties with Fiat currencies, ETH or BTC on Fieldcoin's land marketplace.

Fieldcoin ERC 20 is not a security token

According to Section 2(a)(1) of the USA securities Act, a security is : « any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement...investment contract... or in general any interest or instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing »

Put simply, a security token is a token that derives its value from a tradable asset or a token which is sold with the promise of return on investment.

To avoid a token to be labeled as security, issuer shall avoid to marketing the token as an financial investment that will increase in value and avoid to the use of any financial analogies that may be misleading to token buyer or increase the likelihood that the token is an security.

To determine a security token, the SEC (US's security and exchange commission) generally applies the Howey test accumulative criteria. However, to know whether a token will be deemed as a security will depend not on bright-line rules but rather on the relevant facts, circumstances, and economic realities.

The Howey test

SEC v. W.J. Howey Co., 328 U.S. 293 (1946) is the US supreme court's decision that implemented the legal test for an "investment contract" security. In that case, the U.S. Supreme Court said that an instrument is an investment contract if it involves four elements :

- a contract, transaction, or scheme
- whereby a person invests money,
- in a common enterprise,
- With the expectation of profits solely from the efforts of the promoter

To be considered as security, a token must meet the definition of security as set by the Howey test.

The multi-factored and fact-dependent nature of this test was emphasized by the SEC in the context of digital tokens. In its DAO Report, the SEC "deemed it appropriate and in the public interest to issue this Report in order to stress that the U.S. federal securities law may apply to various activities, including distributed ledger technology, depending on the particular facts and circumstances, without regard to the form of the organization or technology used to effectuate a particular offer or sale." The SEC reiterated that "whether or not a particular transaction involves the offer and sale of a security—regardless of the terminology used—will depend on the facts and circumstances, including the economic realities of the transaction."

Fieldcoin ERC 20 cannot and should not be deemed to constitute a security for many reasons :

- Token holders have no ownership in Fieldcoin's legal Entities ;
- Token Holder have no equity interest in Fieldcoin's entities ;
- Fieldcoin does not propose any share of profits and/or losses, or assets and/or liabilities with token Holder ;
- Fieldcoin Token holders have no status as creditor or lender ;
- Fieldcoin Token holders have no claim in case of bankruptcy as equity interest holder or creditor ;
- Token holders are not holder of any repayment obligation from Fieldcoin's Entities ;

Fieldcoin ERC 20 is an instrument of transaction (a payment token)

Fieldcoin ERC 20 token is an instrument of transaction to be used in Fieldcoin's ecosystem to acquire land properties or to participate in the crowdfunding of agro-business projects. Metaphorically speaking, Fieldcoin's Eco-system functions like a giant mall where customers can find many things, from shopping to cinema or restaurant...etc. To enter the mall customer will need tickets (fieldcoin ERC 20 token). Inside the mall, the tickets will serve as instruments of transaction. Tickets holders will be able to use their tickets to go to cinema, eat in a restaurant or buy

clothes. The same way, the Fieldcoin ERC 20 token will function as an instrument of payment inside Fieldcoin's ecosystem to buy lands or to participate in the crowdfunding of agro-business projects.

Fieldcoin's trade-back protocol

Token markets are highly speculative. Token may decrease in value with no rational explanation.

That's why Fieldcoin will implement a trade-back protocol with the objective to mitigate the negative impact of speculation on the Token price in market dips periods.

With the trade back protocol, ERC 20 tokens holders may receive, in the event all the conditions are met, a coupon in Fieldcoin ERC 20 Tokens, that could be used for future land purchases on Fieldcoin's land marketplace.

Fieldcoin non-fungible ERC 721 token

Unlike fungible ERC-20 Tokens, each non-fungible ERC-721 Token is one-of-a-kind with unique characteristics.

One of the promises of blockchain technology is to ensure product traceability. With ERC-721 Token standard, in conjunction with blockchain, any parcel of land can be easily traceable. For example, if a land registry system tokenize every parcel of land with the ERC 721 standard token, the token would easily permit to track every event related to any parcel of land, from the first owner to the current owner. As result a land purchaser will be sure not to be defrauded when buying its parcel of land. With ERC 721 every single data related to any parcel of land can also be easily stored and accessible. Moreover, the ERC 721 token standard provides basic functionality to track ownership and transfer token separately.

Every land asset that enters in Fieldcoin's ecosystem will be tokenized under the ERC 721 token standard and will receive a unique identification number in the ecosystem.

With the ERC 721 token standard, land ownership will have two dimensions in Fieldcoin's ecosystem : tangible land rights and intangible land rights.

The tangible land right will be represented by a physical legal document which proves the legal ownership of the physical property. This proof of ownership will be held with a third party trust company (notary) and accessible to all Fieldcoin's community.

The intangible land right will be represented by the ERC 721 token. The acquisition of the intangible rights automatically results in the acquisition of the tangible land rights.

Interaction between ERC 20 (Fieldcoin) and ERC 721 (LANDS) Tokens

Every land asset that enter in Fieldcoin's ecosystem will be tokenized under the ERC 721 token standard. Each Fieldcoin ERC 721 token will be backed by a parcel of land which it represents.

To acquire land property, Fieldcoin fungible ERC 20 tokens holder will simply swap its tokens against Fieldcoin non-fungible ERC 721 tokens.

But, as previously said, during the Field Coin Offering, lands properties could be also acquired with Fiat currencies, ETH and BTC.

From the moment the ERC 721 token is acquired the buyer becomes the owner of its land parcel and shall bear any cost incurred as part of the ownership.

Each Fieldcoin ERC 721 token holder will be able to claim the physical property of its land at any time. Fieldcoin ERC 721 token holder may

also choose to sell its land properties by simply selling the ERC 721 token on Fieldcoin's lands marketplace.

On Fieldcoin's land marketplace, land ownership will be correlated to the acquisition of the ERC 721 token, either through a swap of ERC20 tokens against ERC 721 tokens or through a transaction with Fiat currencies, ETH and BTC.

The acquisition of the Fieldcoin ERC 721 token automatically gives the ownership of the corresponding land parcel.

The record of the transaction will be timelessly stored on Fieldcoin's internal cadastral system and become accessible to the whole Fieldcoin's community.

The acquisition of the ERC 721 token may generate various taxes and fees which amount varies according to any jurisdiction (**Stamp duty land tax, land registration duties, land transfer tax, purchase tax, land acquisition tax, notary fees, conveyance tax...etc**).

After the acquisition of the ERC 721 token, the title of the land will be registered in local registry system when that registration is required by the local authorities to ensure the legal validity of the title.

Fieldcoin's land marketplace

Fieldcoin Ltd will build a marketplace where any land owner may list its land properties for sale.

Land properties listed on Fieldcoin's land marketplace will automatically be tokenized under the ERC 721 token standard.

To be listed on Fieldcoin's marketplace, lands seller will have to meet Fieldcoin's conditions :

- The seller will have to prove its legal rights to sell the property,

- The seller will have to prove that there are no encumbrances (such as mortgages..etc) or property line issues that could prevent the buyer from taking full possession of the land,

The seller will have to prove that the property meets all registry requirements in its jurisdiction,

Fieldcoin's land administration system

Fieldcoin's land administration system will be built around several pillars : administration of land tenure, land value, land use and land development ; facilitation of efficient land markets and effective land-use management ; implementation of sound land management, security and easy transferability of land rights. But any efficient land administration system relies above all on the security and certainty of legal rights in lands and parcel boundaries. Land rights can be only secure with the combination of the best of the traditional legal tools and the Blockchain technology.

Using the Blockchain technology (ERC 721 token standard), Fieldcoin will make the land rights more secure by facilitating the traceability of the legal rights attached to lands.

The security and certainty of the legal rights attached to lands can only be effective with the implementation of an up-to-date cadastral infrastructure containing a record of interests in land, including : geometric description and boundaries of land parcels, history of ownership over the land parcels, the value of the parcel and its improvements, agricultural potential of the lands parcels, mortgages...etc.

Fieldcoin's ecosystem will function with its own Internal Cadastral System that will contain any information related to any parcel of land existing in the ecosystem.

Fieldcoin's Internal Cadastre will permit the traceability on any land parcel containing in Fieldcoin's ecosystem by providing complete up-to-date records easily accessible to all the Fieldcoin's community.

The reason for what Fieldcoin will create its own Internal Cadastral System is that, many countries do not use any cadastral map in their land systems. Moreover, cadastral maps in countries which use such system are not generally up-to-date and many vital and important informations that should make cadastre more efficient are lacking.

The existence of an up-to-date cadastral map is necessary to every land system to function efficiently.

In Fieldcoin's ecosystem legal rights in land land will have a two-level protection :

- on chain (with the Fieldcoin's Internal Cadastral Registry)
- off chain (with the local land registries, with the collaboration of Fieldcoin's local partners such as notaries, conveyancers and lawyers).

This system of two-level protection of land rights is necessary as we know that many jurisdictions have deficient land systems with risks of corruption, legal and political instabilities, risks of destruction of lands records, absence of cadastre system in many countries, human error. The deficiency of land system consequently increase the legal risks inherent to land acquisition. Fieldcoin's land administration system will function with professional land management teams to help land owners in the use of their properties.

In Fieldcoin's ecosystem, the land management as we understand it, is the management of the processes whereby land resources are put to good effect, the implementation of economic, social and environmental sustainability in the best interest of land owners.

Every ERC 721 (LANDS) token holder may choose to give to Fieldcoin's land management team the management of its land parcels. In that event, land owner will be entitled to revenues generated by the land, after deduction of applicable taxes, remuneration of Fieldcoin's land management teams, fees and costs.

Fieldcoin's land management teams will take necessary steps to valorise and exploit the land by the means of agriculture, forestry, mining, renewable energy farms...etc.

Land owner who wishes to give the management of its lands to Fieldcoin's land management team will first need to sign a land management agreement that shall contain the obligations of the parties and the way land revenues shall be shared.

For the transparency in our land management scheme, our land management team will establish at the end of every year, an annual report on their operations for any land parcel of the portfolio

Fieldcoin's land management teams will take reasonable measures to keep lands from any inappropriate and unsustainable exploitation.

With the help of Fieldcoin's environmental advisors, every parcel in Fieldcoin's land management portfolio will be will exploited eco-responsibly.

The objective of the sustainable land management policy is to harmonise the complimentary goals of providing environmental, economic and social opportunities while maintaining and improving the quality of land resource.

With the collaboration of environmental advisors lands in fieldcoin's Eco-system will be used to meet changing human needs (agriculture, forestry, housing,...etc) while ensuring the long- term socioeconomic and ecological functions of the land in the interest of advisors.

Fieldcoin's land management teams sustainable ways of management will permit to :

- Maintain and improve lands productivity
- Reduce productivity risks level and improve land capacity to buffer against degradation processes ;
- Protect the potential of natural resources and prevent degradation of land and water quality,
- Ensure the economical viability in the interest of land owners
Lands owners may also use the Fieldcoin's crowdfunding platform to finance their agri- business projects. Every crowdfunding project will need the prior approval of Fieldcoin's legal and land management team.

If the project is approved, the project owner will have to sign a investment contract with the crowdfunders. Fieldcoin's land management teams do not intervene in that process. And the project owner shall bear all the contractual or tort liabilities that the crowdfunders may suffer.

To finance their agro-business projects, lands owners may also seek financment from Fieldcoin foundation which will also act as money lender. In that event, Fieldcoin Foundation will be entitled to an interest rate. For the guaranty of the loans Fieldcoin Foundation will take a mortgage on the project owner land properties.

Fieldcoin's off chain partnerships

No land system can solely function on-chain. Many off-chain operations will be necessary. That's the reason for what Fieldcoin will collaborate with many partners such land experts, lawyers, conveyancers, notaries to assure its off-chain procedures.

For the off-chain operations and procedures, Fieldcoin will establish partnerships with notaries and trust companies... to safely keep every legal document related to lands properties existing in the eco-system. Fieldcoin's off-chain partnerships extends to local registry agencies and local conveyancers to secure the conveyancing procedure for every land transaction.

In every jurisdiction, Fieldcoin will also collaborate with local lawyers and conveyancers to take reasonable steps to verify the identity of any land owner willing to list its properties on Fieldcoin's land marketplace. The objective of the collaboration with local lawyers and conveyancers is to eliminate the risks of identity fraud and fraudulent property transactions and to ensure that the correct person is dealing with land.

Benefits of Fieldcoin's land system

- Simplification of land transactions
- More secure land rights,

- Improvement of conveyancing procedures and public confidence,
- Stimulate lands market and improve land management,
- Improvement of land parcels traceability
- Land ownership to transfer ;
- Elimination of legal complexities related to land transactions,
- No heavy notarial paperworks linked to land transactions
- Easy access to a complete history of lands,

Fieldcoin ecosystem will function with two corporate entities.

1. Fieldcoin Foundation

Fieldcoin Foundation, registered company, will launch the Field Coin Offering and issue The Fieldcoin utility/payment ERC 20 token.

Fieldcoin Foundation will lend money to a second Company (Fieldcoin Limited) which will use that money to develop the Fieldcoin's ecosystem.

2. Fieldcoin Limited

Fieldcoin Limited, a limited liability company registered, will develop and manage the three major components of Fieldcoin's activities :
Fieldcoin Land Management Platform

- Fieldcoin's Land Marketplace
- Fieldcoin's Land Management Platform
- Fieldcoin's crowdfunding and financing platform
Fieldcoin Limited is not a subsidiary of Fieldcoin Foundation and every company in Fieldcoin's ecosystem is an independent entity.