



News Release

December 30, 2020
FISCO Ltd. (JASDAQ Code 3807)

Simultaneous Global Call for Proposals for the FISCO Coin (FSCC) Startup Contest **~Promoting Globalization of the FSCC Business Ecosystem and Cash Flow Diversification~**

FISCO Ltd. (JASDAQ <3807>), Head Office: Minato-ku, Tokyo, Japan; President and CEO: Hitoshi Kano; “FISCO”) hereby announces that it has commenced a global public call for proposals for the FISCO Coin (“FSCC”) Startup Contest. In this contest, FISCO will seek proposals from around the world for services and total systems that will use FISCO Coin (FSCC) and serve as social platform infrastructure.

■ Purpose of Contest

- Expand the FSCC business ecosystem
- Enhance the value of FSCC
- Improve the global market recognition of FSCC

■ Application Conditions

- Submit proposal in the form of a white paper
- A smart contract that generates cash flow with FSCC functioning as the platform token
- Alternatively, a smart contract that helps to improve FSCC’s value.
- Must possess the system development skills and resources needed to realize the proposal laid out in the white paper. (This condition does not apply to applicants seeking the Good Idea Award (described later).)
- Applicants seeking the Good Idea Award (described later) may participate in the contest without the required system development resources.
- Services and systems must comply with the laws and regulations of the countries where they will be put in use.

■ Selection Factors

- Emphasis on originality and novelty.
- Service is in line with the unique culture and customs of the applicant’s home country.
- Solves bottlenecks in cross-border transactions and global business
- Supplements existing DApps and DeFi* services
- Provides an alternative service to what is available through the existing financial system
- Coordination of FSCC and the services of the applicant’s company, if the company has its own services.
- Service is useful to building the FSCC business ecosystem and requires the continuous use of FSCC after the start of service use.
- Services contain incentives that will increase the number of users

* “DApps” is an abbreviation of “decentralized applications.” These applications are “decentralized” in the sense that they are managed using blockchain technology, without an administrator.

“DeFi” is an abbreviation of “decentralized finance.” It refers to DApps in the financial

services sector. DeFi encompasses services such as decentralized crypto asset exchanges, derivatives, and lending, and is one of the most prominent fields in the crypto asset industry.

FISCO seeks to encourage the use of FSCC as a payment method as a matter of course. It also seeks to develop an arrangement where users can earn a reward by locking up their FSCC for a designated period of time. FISCO also aspires to refine the FSCC-supported business apps already announced and to develop multiple business apps that generate cash flows. FISCO believes that it would be desirable for this contest to accelerate those efforts. FISCO also believes that it will be necessary to consider the profitability of the services and total systems to be developed, and to ensure the business continuity thereof. That said, if an issue such as marketing activities or promotions can be solved with FISCO's support, FISCO will not make the solution of the issue a compulsory requirement for entering the contest. The key screening considerations will be how much FSCC can be put in circulation or held continuously as a result of the service or total system to be developed. Accordingly, FISCO requests that applicants clearly specify schemes that will provide incentives that will increase the number of users. For example, applicants are encouraged to provide valid reasons for users to want to try the service, or programs to introduce the service to users.

■ **Benefits for Applicants (Optional, Only for Those Interested)**

- Announcement of proposal by FISCO and in the FSCC community (The scope of the announcement is negotiable.)
- Appointment as FSCC Ambassador (The extent of the applicant's role in distributing FSCC information is negotiable.)
- Possibility for receiving orders for work from the FISCO Group or requests for collaboration on separate projects

■ **Schedule**

- Application period: January 1, 2021 to March 15, 2021
- Screening period: January 16, 2021 to March 31, 2021(*)
- Announcement of results: April 5, 2021

* Applicants may improve upon their proposals even during the screening process. In some cases, FISCO may request that applicants make improvements.

The screening process will be carried out based on the white paper submitted by the applicant. Following announcement of the results, applicants will be requested to commence the actual development work.

■ **Description of Awards**

- Grand Prize Award: Equivalent of ¥30 million in FSCC (*1)
- Runner-Up Award: Equivalent of ¥10 million in FSCC (*1)
- Good Idea Award (1 recipient): Equivalent of ¥1 million in FSCC (*2)
- Special Award (1 recipient): Equivalent of ¥100,000 in FSCC (*3)

FISCO shall retain ownership of all of the intellectual property rights and other relationships of right pertaining to the ideas submitted, systems delivered, and other submissions. If the



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content of the submitted idea is particularly excellent, FISCO may increase the number of FSCC to be granted for receiving an award. In addition, if there are multiple excellent ideas, FISCO may consider increasing the number of awards.

- *1 To be remitted after the system is delivered. (In principle, withholding tax is deducted from all award amounts)
- *2 The Good Idea Award only requires submissions up to the white paper stage and does not require systems development or delivery. It is a reward for submitting an original and novel proposal. Even if an applicant does not have system development resources, the applicant can easily enter the contest with only an idea. If the applicant advances to the grand prize or runner-up award level, FISCO will provide support, such as supplying the system resources.
- *3 As long as submissions follow the laws of each applicant's country, FISCO will accept the entry of any kind of interesting idea, no matter how unexpected it may be. In these cases too, FISCO only requires submissions up to the white paper stage, and does not require any systems development or delivery.

■ Technical Specifications of FSCC

For information on FSCC's contract address, source code and related matters, please confirm the relevant data on [Etherscan](#).

■ Application Eligibility

- All nationalities are eligible. However, the Know Your Customer (KYC) process is mandatory. Accordingly, copies of the passports of all team members and photos of each team member are required.

■ Where to Submit Applications and Inquiries (Contact Person: Mr. Nakamura)

Email: inquiry@fisco.co.jp

FISCO aims to develop FSCC into a completely new decentralized crypto asset that is used globally and that enables the weaknesses of DApps to be surmounted.

As disclosed in the [“Design Proposal for FISCO Decentralized Application Platform,”](#) FISCO has built a framework designed to support the value of FSCC based on the cash flows generated by a shareholder voting app using a smart contract and a shareholder benefits app. Currently, most DApps in the world are based on a framework built on cash flows generated by a single business. FSCC had also been modeled on such a framework. However, through the startup contest, FISCO intends to expand the cash flows that support FSCC to multiple businesses. In addition, this is a global public call for proposals. For this reason, FISCO believes that the contest will mark the first step for FSCC to generate global cash flows by transcending the boundaries of the Japanese market. Naturally, FISCO's efforts will not be limited to the contest. FISCO and FDAP (FISCO Decentralized Application Platform: a dedicated subsidiary set up specifically for FISCO to own DApps) also plan to promote diversification of cash flows and globalization. Through the listing of FSCC on Hotbit and



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FINEXBOX in December 2020, FISCO has been working to increase the market recognition of FSCC in the global crypto asset industry. The trading volume of FSCC on Hotbit as of December 24 stood at approximately US\$410,000, far surpassing the trading volume of FSCC of approximately ¥10 million on the Zaif Exchange (“Zaif Exchange”) on the same day. The Zaif Exchange is a crypto asset exchange in Japan operated by Zaif Inc. In the currency trading volume rankings within Hotbit, FSCC/ETH was 475th place out of 1,645 pairs while FSCC/USDT was 477th place on this basis. These statistics illustrate FSCC’s extremely high popularity in overseas markets. FISCO will work to establish a virtuous positive cycle where the expansion of businesses and promotion of their use, lead to improvement in the number of exchanges carrying FSCC and trading volumes. The goal is to boost the overseas market recognition of FSCC even further going forward.

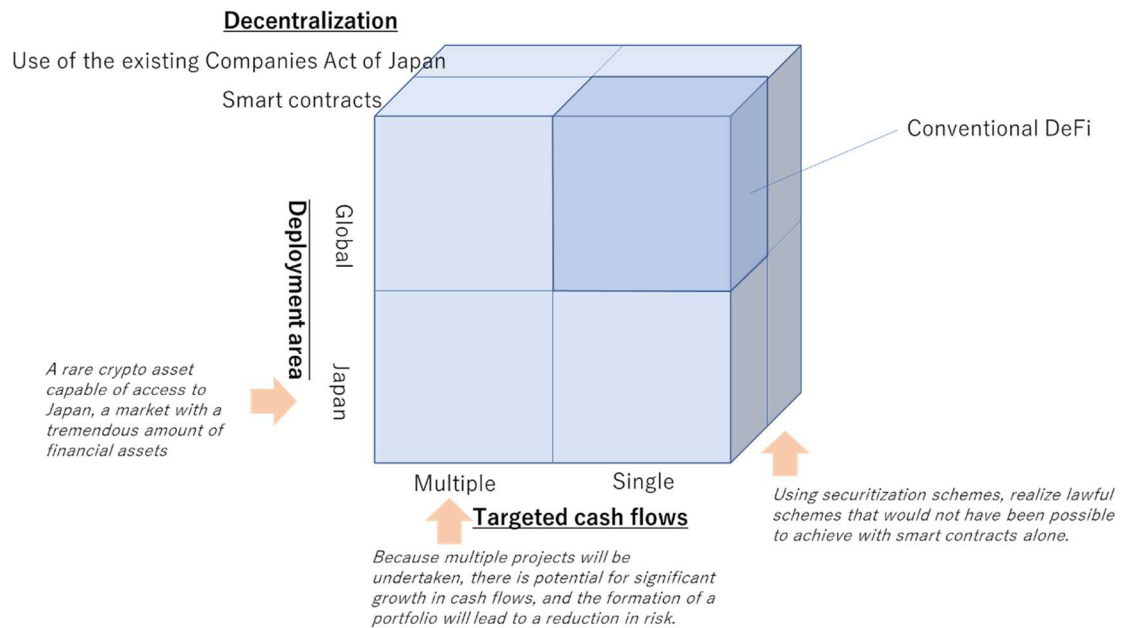
Moreover, FISCO seeks to improve the value of FSCC by encouraging its use as a payment method in a variety of situations, in addition to supporting FSCC with business cash flows. In the process, FISCO aims to form an FSCC business ecosystem where not only companies but also users can derive benefits.

At present, FSCC has been adopted as a payment method by CLUB FISCO, an e-commerce site that sells FISCO’s reports. FSCC has also been adopted as a payment method by the e-frontier store, which is operated by e-frontier, Inc., a subsidiary of Kushim Inc. Additionally, NCXX Group Inc., CAICA Inc., and e-tabinet.com have adopted FSCC as a payment method. At these places, it is possible to use FSCC at prices discounted by about 20% compared to prices based on legal tender. The range of places where FSCC can be used to pay for goods and services has been steadily expanding. Notably, the usage situations for FSCC payments have been successfully expanded to the restaurant sector.

FISCO has begun developing a staking application for FSCC. This application is related to a framework that enables FSCC holders to earn a reward by locking up their crypto assets for a designated period of time. The framework allows FSCC users to earn profits in return for their active participation in the FISCO Coin (FSCC) business ecosystem. FISCO believes that the staking application will contribute to improvement in the value of FSCC. *

* For details, please refer to the [“Design Proposal for FISCO Decentralized Application Platform.”](#)

■ Features of FISCO Coin (FSCC)



As described in the [“Design Proposal for FISCO Decentralized Application Platform,”](#) FISCO has a unique positioning in comparison to conventional DeFi. The diagram on this page illustrates FISCO’s positioning compared to conventional DeFi. Conventional DeFi often offers complete decentralization comprising only a smart contract, and cash flows are often generated from a single business that is deployed globally. Meanwhile, FISCO has positioned Japan as its main deployment area. Accordingly, a framework has been built that utilizes a business entity established in compliance with laws and regulations (FDAP) as the operating entity for DApps, while making use of smart contracts. This framework means that FISCO will generate cash flows from multiple businesses operated by FDAP.

In cases where DApps are operated in Japan and the DApps are decentralized apps without an administrator, the answers to the following questions may become unclear:

- Who is the beneficial owner of the business?
- If profits/losses are recorded for business income related to DApps, payment of remuneration against procurement, or other items, to whom would these profits/losses accrue, and who would pay the tax? Would the profits/losses be passed through as distributions to investors?
- Would any tokens used for DApps decision-making have the characteristics of governance tokens?
- Token holders could face issues relating to consolidation or taxation if they were deemed to be in control of the token.
- Can stable business operations be feasible in the absence of a business entity, even if the latter arrangement is legal?
- Who will be liable, or who will be accountable, for the transaction risk?

Even if the DApps framework is first created in Japan, the kinds of questions outlined above cannot be avoided. From the perspective of addressing the Civil Code, Commercial Code,



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Companies Act, financial regulations, tax laws, accounting and other applicable laws and regulations, FISCO believes that there are many issues that must be resolved to develop completely decentralized DApps. For this reason, immediate implementation of completely decentralized DApps in Japan would present problems. However, although designating FDAP, a business entity established in compliance with existing laws and regulations, as the operating entity of DApps might weaken decentralization, it would enable many of these issues to be addressed.

Moreover, FSCC is a token issued by FISCO Ltd., a publicly listed company, and is one of the crypto assets registered on the registry of crypto asset exchange operators as a crypto asset carried by the Zaif Exchange. FSCC is a rare crypto asset because there are very few tokens like FSCC in the Japanese market and FSCC provides access to Japan, a market with a tremendous amount of financial assets.

Furthermore, the framework is designed to generate cash flows from multiple businesses, not just a single business. This design ensures that the failure of a single business will not lead to a DApps failure.

【Outline of FISCO Ltd.】

Corporate name: FISCO Ltd. <http://www.fisco.co.jp/>

Financial Instruments Business Operator, Director-General of the Kanto Local Finance Bureau (Financial instruments business) No. 2482

Membership organizations: Japan Investment Advisers Association

Address: 5-13-3 Minamiaoyama Minato-ku, Tokyo, Japan

Established: May 15, 1995

Capital: ¥100 million (as of November 30, 2020)

Representative: Hitoshi Kano, President and CEO

Business activities: Provides a variety of information services to support financial institutions, investors, and publicly listed companies.