



FISCO Coin (FSCC)

Whitepaper Ver1.0

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1. What Is FISCO Coin (FSCC)?

- FISCO Coin (FSCC) is a token issued by FISCO Ltd. (Listed on the JASDAQ market (Securities Code: 3807); hereinafter, “FISCO”) in conformity with the Ethereum blockchain protocol. FSCC can be described as one of the few coins in Japan to be issued by a listed company and listed on a crypto asset exchange. FSCC has also been security audited.
- FSCC is carried by Zaif, a major crypto asset exchange in Japan operated by CAICA Exchange Inc. (hereinafter “CAICA Exchange”) and by several overseas crypto asset exchanges.
- FSCC has started to be used in various settings in daily life in real society, including for payments. With FISCO as a partner company, FSCC is being developed under the banner of the FSCC Project.
- In addition, FSCC has been adopted for use as a payment method for software sales (e frontier, Inc.), travel (e-tabinet.com), consulting (CAICA DIGITAL Inc.), food service (KICHIRI & Co., Ltd.), investor information services (FISCO Ltd.) and for other purposes. FISCO Ltd., as the issuer, is playing a central role in efforts to expand the FSCC Project, which is described later in this report.

What Is the FSCC Project?

Purpose	Improve the value of the FSCC platform	
Strategic Initiatives	Upgrade and expand services using FSCC	Expand the FSCC Economic Zone through the initiatives shown on the left
	Promote the circulation of FSCC	
	Increase FSCC holders	
Main Project Members	FISCO Ltd.	Support improvement in the value of FSCC in the real economy
	FISCO Decentralized Application Platform Ltd.	Support improvement in the value of FSCC via digital fields
	CAICA Technologies Inc.,	Various types of development support in digital fields
	Turingum Co., Ltd.	
	Kushim Inc.	
	CAICA Exchange Inc.*	Listing of FSCC within Japan

* Formerly Zaif Inc.

Establishment of FISCO Decentralized Application Platform Ltd. (FDAP)

- FISCO Decentralized Application Platform
- Established as a subsidiary of FISCO Ltd. (currently non-consolidated)
- Develop and provide various services via digital fields with FISCO as a platform
- FDAP is scheduled to be transferred to charitable foundation or other entity as soon as progress is made with the development of FISCO platform



Design Proposal for FISCO Decentralization Application Platform

2. The World the FSCC Project Seeks to Build

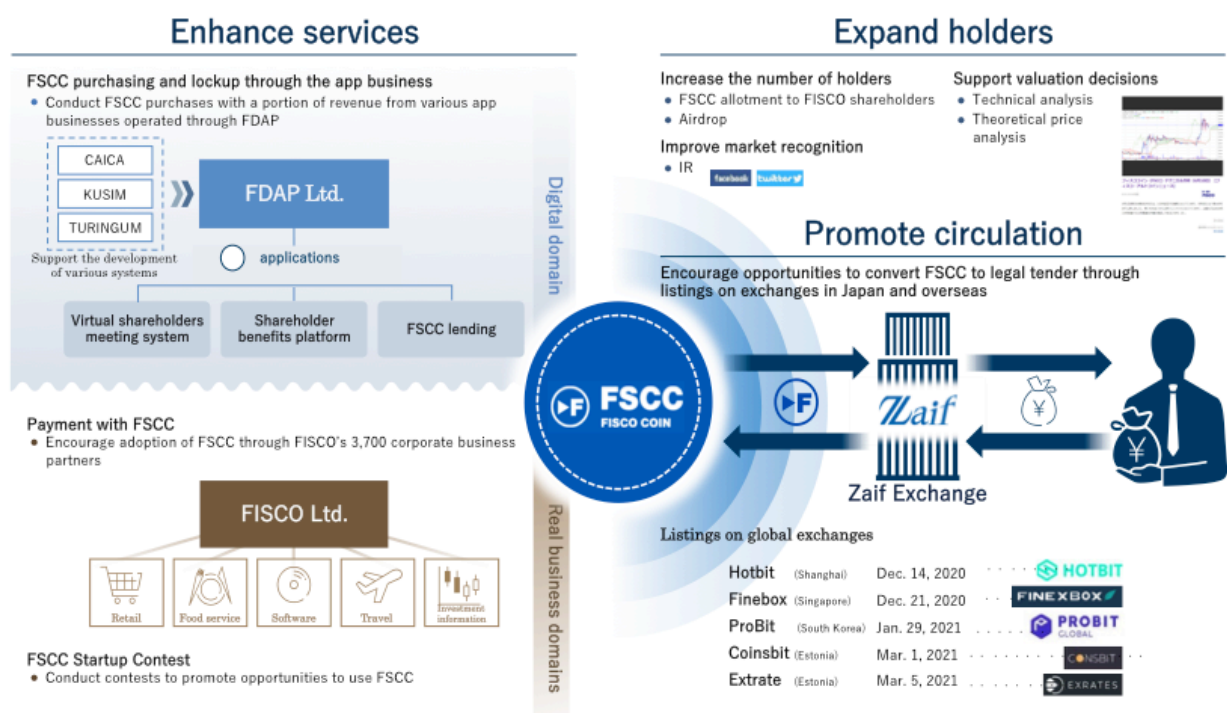
The FSCC Project aims to develop decentralized finance (DeFi) in Japan and provide new kinds of financial services through the sustainable development of the FSCC Economic Zone, and serve to promote the formation of national wealth.

What is the FSCC Economic Zone?

- The FSCC Economic Zone is a new economic model that provides a platform for the use of FSCC issued by FISCO. For example, use cases are planned such as the payment methods listed in 1. above, along with other use cases described later in this report, including FSCC lending (see page 9) and FISCO NFT Marketplace (see page 9).
- FISCO has more than 500 corporate customers among the approximately 3,700 companies listed on stock exchanges in Japan. In addition, FISCO's financial information distribution services are used by over 600,000 members.
- We aim to provide real society with access to efficient and transparent financial services based on decentralized technologies.
- Japan has one of the largest balances of financial assets in the world. With the arrival of the Fourth Industrial Revolution and the emergence of digital innovation, investors in Japan are shifting some of their investment funds to crypto assets. This means that decentralized finance is attracting greater interest in the country from an asset formation perspective.
- However, Japan faces a challenge in that it has been slow to enter the fields of crypto assets and decentralized finance.
- At FISCO, we aim to develop decentralized finance in Japan and provide new kinds of financial services by taking the initiative to launch the FSCC Economic Zone, and sustainably developing this community.
- Moreover, as a platform provider for the new era, FISCO aims to be a key player in the formation of Japan's national wealth through the development of the FSCC Economic Zone.

3. FSCC Project Scheme

- o upgrade and enhance services using FSCC, various initiatives will be implemented intermittently. These initiatives will be carried out through FISCO in the real domains and FDAP in the digital domains.
- To broaden the scope of FSCC holders, various promotions will be held, ranging from the allotment of FSCC to improving recognition and verifying the price through various IR activities.
- FSCC has been listed on multiple crypto asset exchanges, including those outside Japan, to spur coinholder participation and circulation of FSCC.



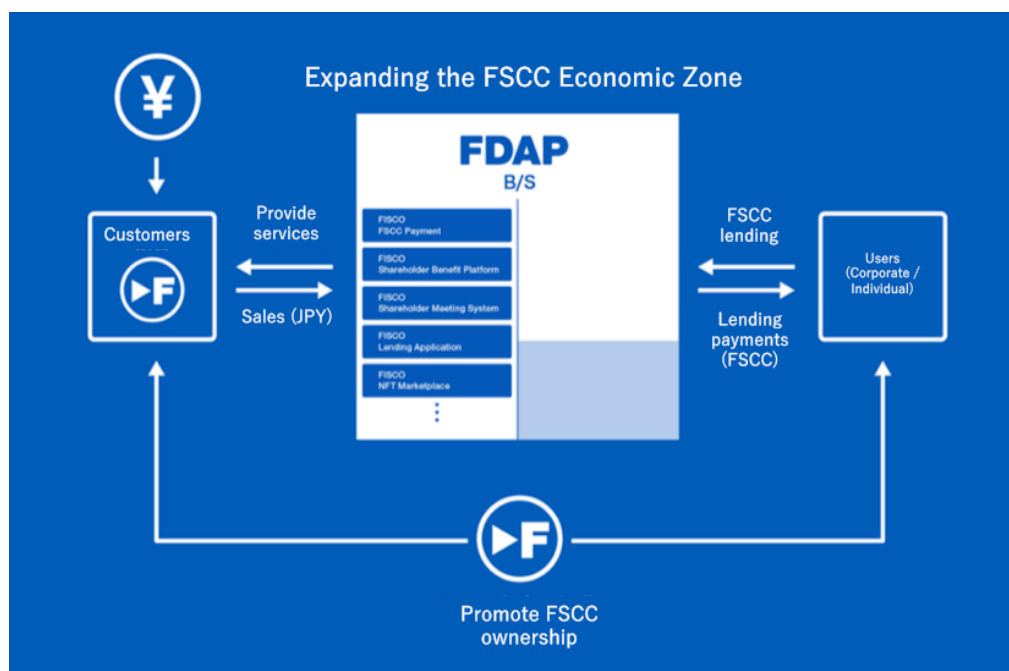
4. The Five Drivers of the FSCC Project

a. DApps Business by FDAP

- FDAP owns multiple DApps (decentralized applications that operate software on the blockchain), with cash flow generated from each app. Specific applications include FSCC lending (see page 9), the system for exercise of voting rights at virtual shareholders meetings (see page 8), and the shareholder benefits platform (see page 8), all of which are described later in this report.
- These applications comply with Japan's laws and taxation, accounting and other rules.
- Promote measures to create demand-supply pressure ((1) increase holders, (2) increase FSCC's Total Value Locked (TVL) (i.e., increase the number of locked FSCC)).

More specifically, these measures correspond to mechanisms for obtaining lending payments through FSCC lending (see page 9), and mechanisms for returning sales commissions for NFTs in FISCO NFT Marketplace by using FSCC lending. Both of these mechanisms are described later in this report.

* "Lock" is defined as the process whereby an investor voluntarily seeks to hold a coin or token without trading or transacting it for a specific period of time.



【Introduction to DApps】

Virtual shareholders meeting system

Digital tokens (voting tokens) are created to enable shareholders who hold voting rights to exercise their voting rights at shareholder meetings. The voting tokens are granted to the shareholders and the transactions associated with the exercise of voting rights (voting) are recorded on a blockchain. The ERC20 protocol is adopted for the blockchain and the system is built on Ethereum smart contracts, which ensures transparency, irreversibility, and authenticity. Specifically, FISCO will provide a service where listed companies who are FISCO's customers can use the voting application to register the number of voting tokens needed for a proposal that will be put up for vote. The shareholders will receive a number of voting tokens proportional to the number of shares they each hold and will be able to vote for or against the proposal.

Shareholder benefits platform

The shareholder benefits platform electronically manages shareholder benefits and has a mechanism for distributing FSCC as shareholder benefits. In addition, records of the exercise of shareholder benefits are kept on a smart contract.

Track record of introduction

■ **Exercise of voting rights at general meetings of shareholders: companies introducing the system and roll-out period**

• S-Pool, Inc.	June 2021
• FISCO Ltd.	March 2021
• Kushim, Inc.	January 2021
• CSMEN Co., Ltd.	June 2021
• No.1 CO., LTD.	June 2021
• CAICA DIGITAL Inc.	July 2021

■ **Shareholder benefits: companies introducing the system and roll-out period**

• NCXX Inc.	February 2021
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Companies that employ solutions

Virtual shareholders meeting system (example)



S-Pool, Inc.



FISCO Ltd.



Kushim, Inc.



CSMEN Co.,



No.1 Co.,



NCXX Group



CAICA DIGITAL

FSCC Lending

FSCC lending provides a mechanism for FSCC holders to obtain financial returns by sending their FSCC to a smart contract address on the FSCC lending application and locking up those FSCC on a smart contract. By using the FSCC lending application, FSCC holders are able to obtain income through other means than capital gains from FSCC trading.

FISCO NFT Marketplace

FISCO NFT Marketplace is a front-end application that allows users to convert Japan's cultural assets, including art and subculture, into non-fungible tokens (NFTs*1) and to buy and sell the NFTs among themselves. To ensure that the NFT movement does not end as a short-lived bubble, FISCO NFT Marketplace will deliver Japanese content worldwide by implementing new value-added proposals for NFTs and providing a scheme to support new artists and creators.

- In keeping with the catchphrase “Bringing Japanese Culture to NFT and NFT to the World,” FISCO NFT Marketplace will allow NFTs to be issued using an NFT application and to be traded via an auction function in Japan.
- FISCO NFT Marketplace currently plans to support payments with Japanese yen (JPY), but other payment methods, including payment with crypto assets and credit card payments, are also now under consideration.
- The basic auction fee is 10%.

- Marketing related to NFTs from sellers will also be carried out efficiently. Sellers will be able to receive marketing support by transferring a margin of around 15% to partner companies.
- We will strive to maximize marketing benefits by including the FSCC lending service, which is an existing service, in addition to the NFT marketplace.

*1 NFT is an abbreviation of Non-Fungible Token. It refers to a token on a blockchain that cannot be replaced with any alternatives.

b. Network of 3,700 FISCO Corporate Business Partners

FISCO Ltd.

- Listed on the JASDAQ market (3807), FISCO Ltd. is a distributor of investment information.
- FISCO distributes corporate analysis reports prepared by securities analysts to major portal sites, institutional investors, financial institutions, and others.
- Notably, FISCO's strengths lie in its access to small and medium-cap stocks that lie beyond the coverage of major securities firms.
- FISCO has access to 3,700 companies, specifically business partners in various sectors, including listed companies throughout Japan.
- They provide FISCO with a network of strong partner companies, as it strives to secure collaborators with whom it can develop services that use FSCC in a variety of applications, including payments with FSCC



* Presentation of examples of FISCO's collaboration projects with listed companies: Various possibilities for collaboration between FISCO and listed companies are being explored. FSCC has started to be introduced at certain stores managed by KICHIRI & Co., Ltd. Based on the results of the introduction of FSCC at these stores, it will be decided whether or not FSCC will be expanded to all stores.

c. Strong System Development Partners

Kushim, Inc.

- Listed on the Second Section of the Tokyo Stock Exchange (2345), Kushim, Inc. conducts a training and education business for advanced IT engineers in fields such as AI and blockchain, and contract development and research in those fields.
- Kushim has a solid track record of contract development projects. Projects include the development of a monitoring system fitted with an AI-driven behavior identification engine for the nursing care sector through joint research with the Matsuo Lab. of the University of Tokyo; the development of an automated trading system for crypto assets, and the development of a lending application for the DeFi field.
- Kushim is a core partner company that provides services such as development support for DApps applications using FSCC.

■ **Applications developed
by Kushim for FSCC**

- Virtual Shareholders Meeting System
- Lending Application
- (Planned) NFT Platform

CAICA Technologies Inc.

- CAICA DIGITAL Inc. is a Group company of CAICA Inc., a system development company listed on the JASDAQ market (2315). CAICA Technologies is mainly engaged in blockchain and crypto asset-related businesses.
- The CAICA Group's main business is system development for financial institutions, which represents around 60% of its business. Notably, the CAICA Group has become a core enterprise playing a central role in the Fintech field, which it has been focusing on over the past few years.
- CAICA Technologies has a solid track record of system development projects. Main projects include the development, operation and maintenance of the core system for the Zaif crypto asset exchange; the development, operation and maintenance of NFT platforms; and the development, operation and maintenance of the "Gu-Gu" communication platform.
- CAICA Technologies is a partner company that provides services such as development support for DApps applications using FSCC.

■ Applications developed by CAICA for FSCC

- Shareholder benefits platform

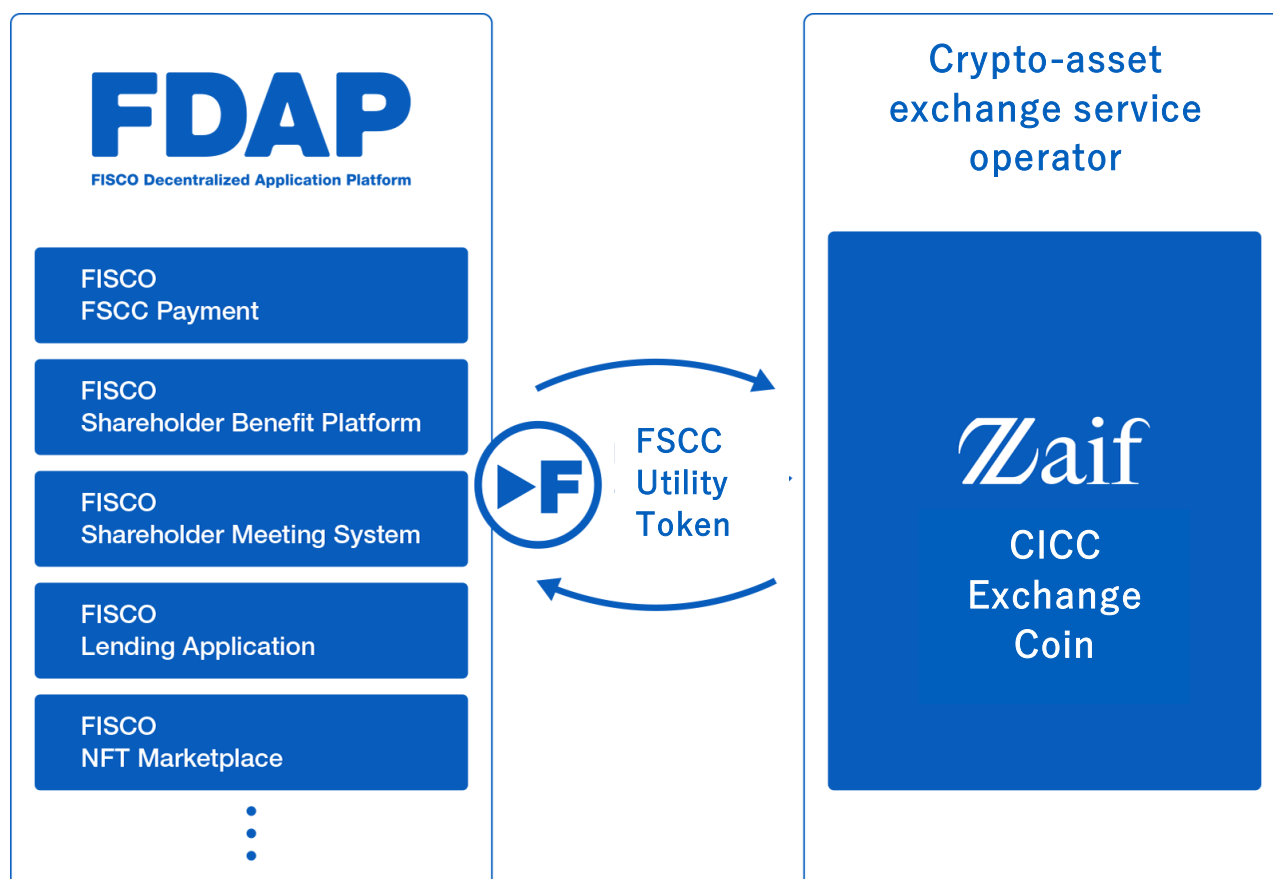
Turingum Co., Ltd.

- Turingum Co., Ltd. develops new blockchain apps using secure computation and blockchain technologies, bringing together engineers who are experts in the blockchain field. Turingum is a startup comprising a group of engineers who have contributed to the crypto and blockchain fields through research and development over many years.
- Turingum's main businesses are R&D and contract development. In R&D, Turingum has conducted comprehensive research and development focused on blockchains such as Enigma and Ethereum, and on other areas such as secure computation technologies. In contract development, Turingum provides optimal consulting and service development to various companies. In particular, the company excels at application deployment and the development of core functions in the DeFi field. Turingum has a track record of participation in the renovation of the Zaif system platform.
- In March 2020, Turingum announced that it concluded a capital and business alliance with Kushim (formerly iStudy Co., Ltd.). Through this alliance, Turingum plans to develop Secret Contract technology, which enables transactions on the blockchain to be executed while protecting the privacy of individuals, and to implement this technology in society. Turingum provides a secret contract based on the Enigma Protocol that can be used to record data such as Individual Numbers (My Number System), telephone numbers, information on assets held by individuals, and genome data on a blockchain while keeping the information secure and confidential. Therefore, it is expected that opportunities to provide relevant services to fields such as the financial services and healthcare sectors will grow.
- In this project, Turingum will play a central role particularly in the implementation of applications and development of core functions in the DeFi field.

d. Primary Currency of a Major Crypto Asset Exchange

CAICA Exchange Inc. (formerly Zaif Inc.)

- The Zaif Exchange carries a total of 13 different types of crypto assets, including crypto assets originating in Japan and crypto assets created by Japanese subculture communities.
- Notably, the Zaif Exchange has one of the largest transaction volumes in the world and one of the highest in Japan in terms of the trading of XEM and Symbol, which are attracting interest.
- With entrusted assets of ¥129.4 billion (as of December 16, 2021) and 340,000 accounts, the Zaif Exchange has a formidable position among Japan's major crypto asset players.
- Zaif is a long-established brand as a company registered as a crypto-asset exchange service operator in September 2017.
- FSCC is positioned as the primary currency of Zaif.





e. Promotions through FISCO and FDAP

Information on trends in FSCC is supplied through press releases issued by FISCO, which is a listed company, and through social media platforms such as Telegram and Twitter. FDAP actively announces information on matters such as quantitative plans for FSCC projects and lending conditions.

- For FSCC's website landing page and social media community in Japanese, please visit the sites listed below.

FSCC Website: <https://fiscocoin.jp/index.html>

Telegram(Japanese): https://t.me/fiscocoin_japanese

Twitter(Japanese): <https://twitter.com/fsc75811167>

Facebook(Japanese): <https://www.facebook.com/フィスココインfsc-106795437822424/>

- For FSCC's website landing page and social media

Website: https://fiscocoin.jp/index_en.html

Telegram(English): https://t.me/fiscocoin_english

Twitter(English): <https://twitter.com/CoinFsc>

5. FDAP Business Plan

This chapter has been prepared based on interviews with FDAP. FDAP's business plans and earnings have no impact on FISCO's earnings as FISCO owns only 10% of the shares of FDAP.

Future Business Plan

- FDAP has identified needs among some customers for applying the application for the exercise of voting rights at virtual shareholders meetings to company presentations and other events. Therefore, FDAP will work to steadily win contracts for different uses of this application.
- The shareholder benefit application will fulfil the needs of companies that distribute FSCC itself as shareholder benefits.
- FDAP will add on FISCO NFT Marketplace to its new businesses and, as noted earlier, is scheduled to introduce a sales commission discount program for users who hold FSCC. Additionally, as with lending, in FISCO NFT Marketplace it is anticipated that investors voluntarily seeking to hold FSCC will have an impact on the FSCC price.
- With regard to FSCC lending, the number lending coins in the future will vary with FDAP's earnings, the FSCC price and the lending rate. In forecasts for 2030, if the FSCC price reaches \1,300, the number of lending coins is estimated at 1.14 million FSCC. Meanwhile, if FSCC remains mostly unchanged at around \200, the number of lending coins is estimated at around 24 million FSCC.

6. FSCC Holder Distribution

Structure of FSCC Holder Distribution (Definitions)

The number of FSCC authorized to be issued is 50 million FSCC.

The holder distribution is defined as follows.

- Proprietary holdings
Proprietary holdings represent the number of non-circulating coins held by FISCO Ltd., the issuer of FSCC.
- Holdings of strategic investors
Holdings of strategic investors represent the number of FSCC strategically purchased and held by partners. FISCO would like these partners to participate in a token economy that uses FSCC as the core currency, which the FSCC Project is targeting, and contribute to its growth.

Specifically, strategic investors comprise those described in (i)-(iii) below (see Table 2).

- i Major FISCO shareholders (top 10 shareholders) who are large holders of FSCC (top 10 holders).
- ii FISCO shareholders who are large holders of FSCC (top 10 holders).
- iii Those who are not FISCO shareholders, but are large holders of FSCC (top 10 holders).

A wide range of support has been received from these holders, such as marketing support to improve the value of FSCC, application development support that will contribute to growth of the FSCC Economic Zone, and referrals to companies and individuals who will make pure investments in FSCC.

- Holdings of general investors
Holdings of general investors represent the number of FSCC held by investors other than those described above.

Specifically, general investors comprise the those described in (iv)-(vi) below.

- iv Major FISCO shareholders (top 10 shareholders) who have invested in FSCC (i.e., they are not major FSCC holders).
- v FISCO shareholders who have invested in FSCC (i.e., they are not major FSCC holders).
- vi Those who are not FISCO shareholders, but who have invested in and hold FSCC.



FISCO, the issuer of FSCC, has distributed FSCC as shareholder benefits. (More than 1.63 million FSCC were distributed in May 2017, and 4,997 FSCC were distributed in the fiscal year ended December 31, 2020. More than 1.64 million FSCC have been distributed in total). The FSCC distributed to shareholders either continue to be held by the shareholders or have been transferred to third parties ((iii) and (iv)) through the market.

FSCC Holder Distribution (As of December 20, 2021)

This section describes the distribution of FSCC holders. The breakdown of FSCC holders as of December 20, 2021 is as follows.

- 34.7%: (17,349,468 FSCC) Proprietary holdings

Proprietary holdings represent the number of non-circulating coins held by FISCO Ltd., the issuer of FSCC.

- 48.6%: (24,279,203 FSCC) Holdings of strategic investors

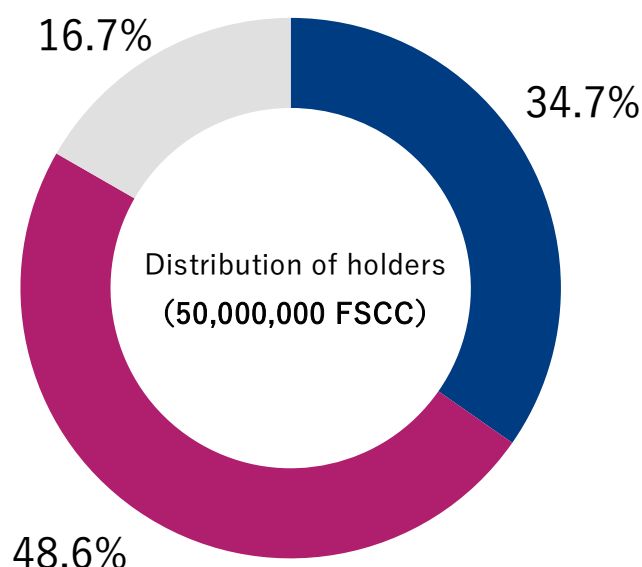
Holdings of those classified in (i)-(iii)

Holdings of strategic investors represent the number of FSCC strategically purchased and held by partners. FISCO would like these partners to participate in a token economy that uses FSCC as the core currency, which the FSCC Project is targeting, and contribute to its growth.

- 16.7%: (8,371,329 FSCC) Holdings of general investors

Holdings of general investors represent the holdings of investors classified in (iv)-(vi)

Proprietary holdings 分 Holdings of strategic investors 分 Holdings of general investors



FSCC Lockup and Release

A lockup will be established only for the holdings of strategic investors, and it will be released in phases.

- 34.7%: (17,349,468 FSCC) Proprietary holdings
Proprietary holdings represent the number of non-circulating coins held by FISCO Ltd., the issuer of FSCC. As of December 2021, there are no plans to put these proprietary holdings into circulation.
- 48.6%: (24,279,203 FSCC) Holdings of strategic investors
The lockup period is around three years.
The lockup covers the FSCC held by each partner. Partners are requested to continuously hold their FSCC until the end of the period covered by the lockup. However, each holder may sell or transfer the FSCC they hold to third parties during the lockup period.
If FSCC is sold or transferred to a third party, FISCO will coordinate and cooperate with each holder to ensure that the lockup agreement is succeeded by the transferee.
- 16.7%: (8,371,329 FSCC) Holdings of general investors
There is no lockup for holdings of general investors.
These FSCC are circulated on the crypto asset exchange Zaif.



With regard to the lockup established for the holdings of strategic investors, a number of coins equivalent to 3.4% of the total number of FSCC issued will be released in 2023. From 2024 onward, the lockup on the remaining holdings will be released in their entirety.

However, if all of the holdings of each strategic investor are sold or transferred over the counter to a third party before the lockup period (around three years) has expired, or when each period expires, FISCO will, as noted previously, strive to ensure that the lockup (around three years) is succeeded by the transferee.

FSCC Burn Design

Purpose of the FSCC Burn

- FISCO believes that improving the value of FSCC will lead to growth in the FSCC Economic Zone. In addition, FISCO recognizes that stronger collaboration with listed companies through the system for exercise of voting rights at virtual shareholders meetings and the shareholder benefits platform will help to widen operating revenue opportunities for FISCO in its IR business, and that FSCC is an important asset as improvement in the FSCC price itself will pave the way for increasing the Company's stock price.
- From the current fiscal year (the fiscal year ending December 31, 2021) of FISCO, the issuer of FSCC, FISCO plans to conduct a continuous burn of FSCC over the next five years, with the amount of consolidated operating income for each business year as the upper limit.
- Currently, approximately 35% (17.30 million FSCC) of the total number of coins authorized to be issued (50 million FSCC) are non-circulating coins held by FISCO, which is the issuer of FSCC, and it is these coins that are to be burned.
- These measures will stimulate and further invigorate the FSCC Economic Zone.

Outline of the burn

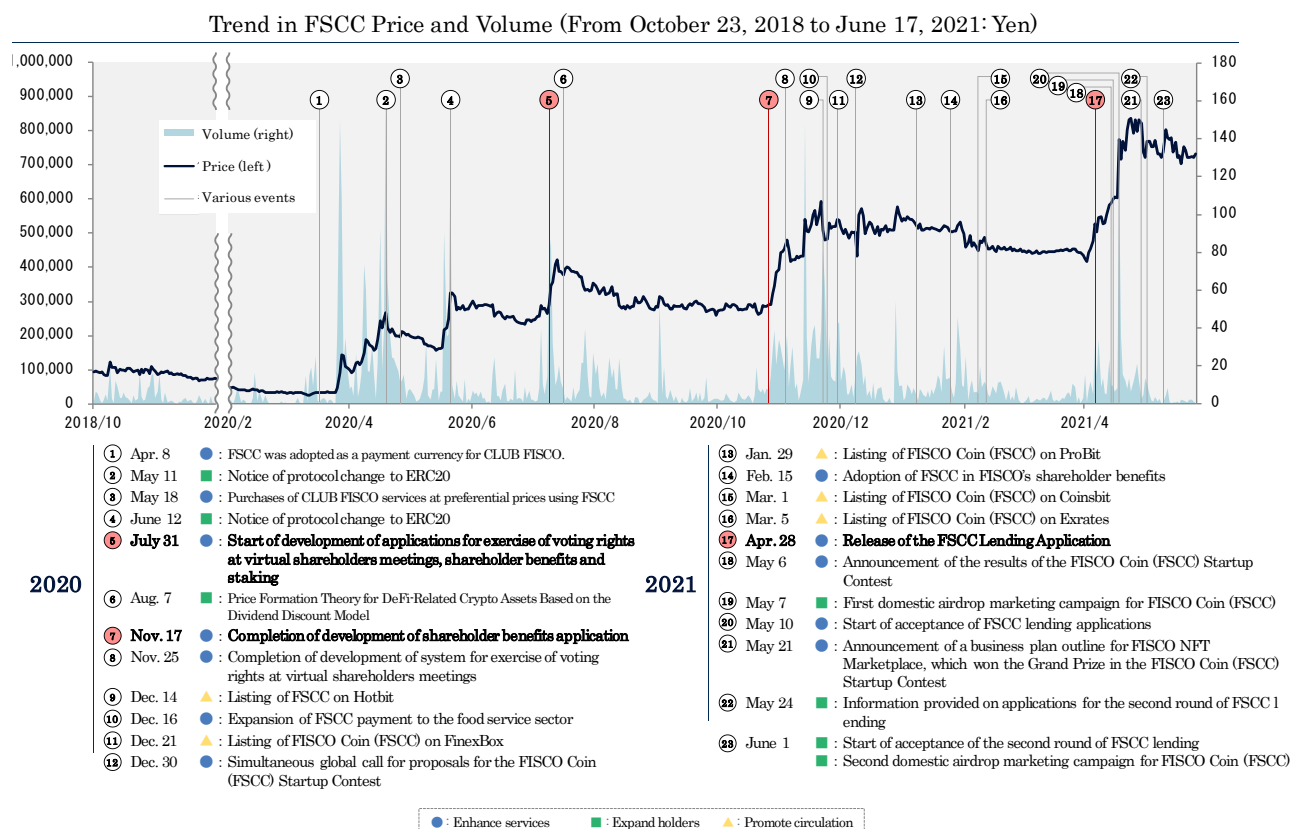
- This burn will be conducted by calculating the number of coins to be burned among the non-circulating FSCC held by FISCO based on its consolidated operating income for the fiscal year ended December 31, 2021.
- The number of coins to be burned shall be calculated as the number of FSCC coins obtained by dividing the amount of the Company's consolidated operating income for the fiscal year ending December 31, 2021 by the price of FSCC on the crypto asset exchange Zaif as of 11:59 p.m. on March 31, 2022. FISCO plans to execute a burn once a year.

Reference: Assuming the FSCC is fully burned up to 100% of the upper limit of the consolidated operating income of ¥156 million announced in "Notice Regrading Revision of Full-Year Forecast for the Fiscal Year Ending December 31, 2021 (Japanese)" issued on November 12, 2021 and the price of FSCC as of 11:59 p.m. on December 19, 2021 of ¥330, the number of coins to be burned will be 472,727.

The number of coins to be actually burned will be disclosed once earnings, the FSCC price, and the number of coins have been determined. Moreover, the Company plans to continue conducting burns using the same calculation method from fiscal 2022 onward.

7. FSCC Price and IR

For the FSCC Project, press releases on the status of initiatives are issued periodically. The information contained in these press releases can be divided into three categories: (1) information on enhancing services using FSCC; (2) information on expanding FSCC holders; and (3) information on promoting FSCC circulation.



- Plans call for issuing information on trends in FSCC periodically in accordance with the IR schedule for FISCO shareholders, which covers events such as quarterly earnings announcements and general meetings of shareholders.
- Notification of unscheduled events, such as events involving FSCC, will be provided on the FSCC website as they occur. Briefings are scheduled to be held as necessary.
- As noted earlier, information will also be supplied through social media platforms, including FSCC's Telegram and Twitter accounts.

8. Disclaimers

- This report is for informational purposes only, and provides neither legal interpretation nor any solicitation to invest or to take other action.
- This report includes forward-looking statements such as forecasts, outlooks, targets, and plans related to FSCC. Such statements are based on general information as well as plans and predictions that were available at the time of writing. FISCO provides no guarantee as to the veracity, completeness, accuracy or reliability of the contents of the report or the information contained therein.
- The statements, assumptions and suppositions contained in this report are subjective, and as such cannot provide an accurate representation of what may occur or be realized in the future. Additional information regarding the uncertainties and risks that could contribute to such circumstances can be obtained from official FISCO disclosures, including quarterly earnings reports, securities filings, corporate magazines, and annual reports.
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