[*V1 Draft*] Magna & OC Advisory Form Token Warrant

This Form Token Warrant is for **educational purposes only**. It is intended to provide founders, investors, and lawyers with an example of a Token Warrant to familiarize themselves with common market terms and provisions. Our goal is that it will help to elucidate the opaque fundraising process and decrease information asymmetries between parties. As experienced players in startup financings, we know that legal financing negotiations can be frustratingly expensive and drag out longer than expected. We hope that this Form Token Warrant can be used as a starting point in negotiations to decrease legal fees and time to closing.

DO NOT USE THIS FORM TOKEN WARRANT WITHOUT WORKING WITH LEGAL COUNSEL. Nothing written here is legal advice. Magna and OC Advisory are not your lawyers. This Form Token Warrant does not provide a detailed analysis of all of the various nuances concerning the example terms that it contains. Nor does it discuss the various tradeoffs between the terms contained here and other options. If using this Form Token Warrant for a financing deal, it should be used as a **starting point only** to be taken to legal counsel to customize according to the specific facts and circumstances of the deal.

Given the dynamic state of crypto regulations, technology, and the market, commonly used "market" terms may evolve rapidly. Thus, the terms in this Form Token Warrant may become stale. We will try to update the Form Token Warrant from time to time to keep up with market trends, but discuss with experienced crypto legal counsel to ensure any instrument you use in a financing deal is up to date with the market.

Magna is token management on autopilot. Magna provides an end-to-end solution for tokens management, from pre-launch to post. With Magna, teams can quickly and compliantly distribute tokens with airdrops, programmatically unlock tokens based on custom vesting schedules, track tokens with employee and investor dashboards, and use multi-sigs to execute transactions.

OC Advisory is a crypto native law firm focused on regulatory and corporate counseling. OC Advisory represents crypto startups, foundations, and investors as outside general counsel in everything from formation and commercial agreements to venture capital financings. Founded by a former crypto startup founder and CEO, OC Advisory partners with engineering, operations, and marketing teams to structure products, protocols, and token launches and provide regulatory counseling to reduce legal risk while maintaining product-market fit.

THIS WARRANT HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS SUCH TERM IS DEFINED IN REGULATIONS PROMULGATED UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO A QUALIFIED OFFERING STATEMENT PURSUANT TO REGULATION A PROMULGATED UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE FORM AND SUBSTANCE OF WHICH SHALL BE ACCEPTABLE TO THE COMPANY.

[FULL LEGAL COMPANY NAME]

WARRANT TO PURCHASE TOKENS

Issued on [month, day, year] (the "***Issue Date***")

This certifies that in consideration of $[price][1] (the "***Purchase Price***") and paid on the date hereof to [full legal company name], a [jurisdiction where company is incorporated] [type of entity][2] (the "***Company***"), receipt of which is hereby acknowledged, the undersigned holder or its permitted assigns (the "***Holder***" and, together with all holders of substantially similar warrants to purchase Tokens, the "***Holders***") is entitled, subject to the terms and conditions of this Warrant, to purchase at the Warrant Exercise Price, at any time prior to the Expiration Date, up to the Holder's Portion of any Tokens, upon delivery to the Company of a duly executed exercise notice in the form attached hereto as Exhibit A (the "***Exercise Notice***") and simultaneous payment of an amount equal to the Warrant Exercise Price as set forth in Section 2.2 hereof.

1. DEFINITIONS. The following definitions shall apply for purposes of this Warrant:

"***Affiliate***" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person, where "control" is defined as directly or indirectly possessing the power to direct or cause the direction of the management and policies of the Affiliate, whether through ownership of voting securities, by contract or otherwise.

"***Autonomously Generated Tokens***" means Tokens that may be issued following a Token Launch, pursuant to staking, rewards or inflationary or dilutive controls; *provided that* the creation and issuance of, or any approval process for the creation and issuance of, any such Tokens shall (i) be in accordance with the governance terms or consensus algorithm of the Protocol and not be at the sole discretion of the

[1] This is typically a low price—$500 is commonly used.
[2] For U.S. companies, this will most likely be a Delaware corporation.

Company, its Token Affiliates, or any Insider and (ii) with respect to any staking or rewards process, the Holder is allowed to participate in any such staking or rewards process on the same basis as other participants.

"***Business Day***" means a weekday on which banks are open for general banking business in [City and State/Province where company is headquartered][3].

"***Company***" shall include, in addition to the Company identified in the opening paragraph of this Warrant, any corporation or other entity that succeeds to the Company's obligations under this Warrant, whether by permitted assignment, by merger or consolidation or otherwise.

["***Company Reserve***" means, with respect to any Token, the aggregate number of such Tokens distributed, reserved for distribution or otherwise Transferred, in a single transaction or series of related transactions, [by a Token Issuer][4] to the Company and any Insiders.][5]

"***Deemed Liquidation Event***" means (a) if such term is defined in the Company's Certificate of Incorporation, as it may be amended or restated from time to time, then the meaning given to it therein, or (b) if it is not defined in therein, then (i) a merger or consolidation in which (A) the Company is a constituent party or (B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (ii) (A) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or (B) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company; *provided, however*, that a transaction shall not constitute a Deemed Liquidation Event if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction.

"***Excluded Tokens***" means, with respect to any Token, (i) Tokens issued or used solely for development, testing or experimental purposes, (ii) Autonomously Generated Tokens, and (iii) non-fungible Tokens issued in arms' length transactions in the ordinary course of business; *provided that* no such disposition shall be to the Company, any Token Affiliate, or any Insider unless Holder is entitled to participate in any such disposition on the same basis as other participants.

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[3] For example, Manhattan based companies should put "New York, New York" here. If the company is not located in a major commercial center, consider putting the closest major commercial city instead. Non-U.S. companies should also include the country at the end.

[4] More company friendly term.

[5] Only use this definition if using the total amount of tokens allocated to the Company and Insiders as the denominator for investors' Pro Rata Portion. A further explanation on options for Token allocation and investor Portions is provided in the footnote to Portion.

"***Expiration Date***" means the earlier of (i) 5:00 p.m. [Timezone][6] Time on the date that is 10 years following the Issue Date, (ii) with respect to any specific Token, 60 days following the receipt by Holder of notice of any initial Token Launch, or (iii) the date the Company and other Token Issuers notify the Holder that they irrevocably and affirmatively decide not to develop any Token and notify the Holder of the same.

"***Founder***" means [Founder] and [Founder].

"***Insider***" means any current or former investor, stockholder, Founder, employee, officer, director and advisor or other consultant of the Company and any Token Issuer (if other than the Company).

["***Lead Investor***" means [Lead investor name] and its Affiliates, collectively.][7]

"***Parent***" means any entity (other than the Company) in an unbroken chain of entities ending with the Company, if each of the entities other than the Company owns securities possessing a majority of the total combined voting power of all classes of securities in one of the other entities in such chain.

"***Person***" means any individual, corporation, partnership, trust, limited liability company, association or other entity, including any decentralized autonomous organization or other similar decentralized or distributed entity.

"***Portion***" means, with respect to each Holder and any Token, such amount of Tokens (without double counting) equal to [[such Holder's Pro Rata Portion multiplied by the Company Reserve.][8]/[[fraction of][9] such Holder's Pro Rata Portion of the Total Tokens][10]]. The "***Pro Rata Portion,***" means, with respect to each Holder, the ratio of (i) the number of shares of Common Stock of the Company held by such Holder, including any shares of Common Stock issued to such Holder or issuable to such Holder upon conversion of shares of Preferred Stock or other outstanding securities of the Company (treating any Simple Agreements for Future Equity as having converted at the valuation cap) bears to (ii) the total number of outstanding shares of Common Stock of the Company after giving effect to the conversion or exercise of all outstanding securities into shares of Common Stock of the Company (treating any Simple Agreements for Future Equity as having converted at the valuation cap), in each case, as of the initial Token Launch.

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[6] Include the time zone where the company is located or the closest major commercial center.

[7] Delete this definition and "Lead Investor " throughout the Token Warrant unless the lead investor obtains additional rights than what other investors receive.

[8] Use this formulation if using the allocation issued to the Company and Insiders (the Company Reserve) as the denominator for calculating investors' Pro Rata Portion. For example, if an investor owns 10% of the Company's stock (after giving effect to the conversion or exercise of all outstanding securities into Common Stock of the Company) and the Company Reserve is 40% of Total Tokens, then under this formulation, such investor would receive 4% of Total Tokens.

[9] The fraction of Tokens to equity that a Holder will receive. The most common fraction used is one half (½). One third (⅓) is also sometimes used. Delete completely if not using a fraction, however, beware that providing investors their Pro Rata Portion of the Total Tokens may give the Company's investors a high degree of control over the supply of Tokens and any network or protocol that the Tokens may govern, which may raise regulatory issues and defeat decentralization efforts. Not using a fraction under this formulation is considered very investor friendly.

[10] Use this formulation if Investors are receiving a fraction of their pro rata portion of the Total Tokens. For example if an investor owns 10% of the Company's stock (after giving effect to the conversion or exercise of all outstanding securities into Common Stock of the Company) and the fraction is one half (½), then such investor would receive 5% of Total Tokens.

"***Pre-Launch Valuation***" means the fair market value per Token as determined by [Name of designated valuation firm/an independent valuation consultant][11] contemporaneously with or following the Issue Date and delivered to the Company in connection with any Token Generation Event.

"***Protocol***" means any blockchain-based network protocol, platform or application (including any blockchain-based network of smart contracts or smart contract participants) created, developed, operated or managed by, or based upon, or incorporating material portions of any intellectual property developed, owned or exclusively licensed by the Company or any Token Affiliate.

"***Subsidiary***" means any entity (other than the Company) in an unbroken chain of entities beginning with the Company, if each of the entities other than the last entity in the unbroken chain owns securities possessing a majority of the total combined voting power of all classes of securities in one of the other entities in such chain.

"***Token Affiliate***" means (i) any Affiliate of the Company, (ii) any Subsidiary or Parent of the Company, or (iii) any other Person (including any foundation formed by or with the cooperation of the Company) that (a) receives a license or assignment of any material intellectual property from the Company (including, without limitation, any trademarks owned by the Company) and uses such intellectual property to effect a sale or other issuance of Tokens (as such term is defined below); (b) uses intellectual property that the Company has released under any free software or open source license to effect a sale or other issuance of Tokens, and any officer or key employee of the Company is rendering (or has rendered) material services to such Person, or (if an entity) any officers or key employees of the Company owns a direct or indirect interest in such Person; or (c) is designated or otherwise granted rights by the Company or an Affiliate to such Person to administrate, manage or operate (in lieu of the Company or such Affiliate) any Protocol.

"***Token Generation Event***" means, with respect to any Token, the date such Tokens are minted, generated or created, if ever, and available for issuance, including any Token Launch.

"***Token Launch***" means, with respect to any Token, the date such Tokens are first issued to non-Insiders (other than any Token Affiliate).

"***Token(s)***" means any tokens, coins, crypto assets, virtual currencies built on blockchain technology, or similar digital assets minted, generated or created by the Company, any Token Affiliate, any Founder (if, with respect to a Founder, such asset is created (i) while such Founder is providing services to the Company and (ii) within twelve-months of the Protocol launch) or their respective successors or assigns (collectively, "***Token Issuers***") for distribution, allocation, issuance or sale by such Token Issuer or any other Token Issuer, excluding Excluded Tokens.

"***Total Tokens***" means, with respect to any Protocol, the total number of Tokens ever to be minted, generated or created over the lifetime of the applicable Protocol (including Tokens issuable on conversion of this Warrant).

"***Transfer***" means sell, loan, collateralize, sponsor, distribute, issue or otherwise dispose of or encumber.

"***Warrant***" means this Warrant and any warrant(s) delivered in substitution or exchange thereof, as provided herein.

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[11] If Company already has a partner valuation firm to conduct an independent valuation of the fair market value of the token, insert the name of that firm here. Otherwise, use "an independent valuation consultant."

"***Warrant Exercise Price***" means, with respect to any Token, (a) with respect to the initial exercise, the lesser of (i) $1,000 (in the aggregate, to purchase that number of Tokens for which the Holder initially exercises this Warrant), and (ii) the Pre-Launch Valuation per Token multiplied by that number of Tokens for which the Holder initially exercises this Warrant, and (b) with respect to each subsequent exercise, the lesser of (i) $500 (in the aggregate, to purchase that number of Tokens for which the Holder exercises this Warrant) and (ii) the Pre-Launch Valuation per Token multiplied by that number of Tokens for which the Holder exercises this Warrant.

2. EXERCISE.

2.1 Method of Exercise. Subject to [the Preferred Cap and][12]the terms and conditions of this Warrant, the Holder may exercise this Warrant with respect to any Token, from time to time on any Business Day on or after the initial Token Launch for such Token and before the Expiration Date, for up to the Holder's Portion of Tokens; *provided, that*, if the Holder's Portion is increased pursuant to Section 3.4 following any Expiration Date (a "***Post-Expiration Increase***"), this Warrant may nevertheless be exercised with respect to such Post-Expiration Increase from time to time, on any Business Day on or prior to 5:00 p.m. [Timezone][13] Time on the date that is 10 years following the Issue Date. Subject to the immediately preceding sentence, this Warrant may be exercised any number of times by the Holder to provide the Holder the opportunity to purchase up to the Holder's Portion of Tokens following each instance that new Tokens are minted, generated or created following the initial Token Launch for such Token, and may be separately exercised with respect to each separate Token. This Warrant shall be exercised by submitting a copy of the Exercise Notice, duly executed by the Holder, and by payment in a form specified in Section 2.2 of an amount equal to the Warrant Exercise Price or, if applicable, an election to net exercise this Warrant as provided in Section 2.5 hereof for the number of Tokens to be acquired in connection with such exercise.

2.2 Form of Payment. Payment for the Holder's Portion of the Tokens upon each exercise may be made by (a) a check payable to the Company's order, (b) wire transfer of funds to the Company, (c) cancellation of indebtedness of the Company to the Holder, (d) if approved by the Company, a transfer of U.S. dollar denominated stablecoins or other digital assets, for which the value of such digital asset shall be based on the average closing price (as published on CoinGecko at www.coingecko.com, and if such price is not available on CoinGecko, then any other digital asset price publisher agreed to by the Company) over the thirty (30) days directly preceding the date of such exercise, (e) by net exercise as provided in Section 2.5, or (f) any combination of the foregoing.

2.3 Delivery of Tokens. In connection with each exercise pursuant to this Section 2, the Holder will provide to the Company a network address to allocate the Holder's Tokens to upon such exercise (or otherwise upon the applicable date of delivery, as described herein), and the Company shall deliver, or cause to be delivered, such Tokens to such network address. The Holder may update such network address by providing written notice in accordance with Section 7.5; *provided, that* the Company need not consider such updated network address to be valid until the Company has confirmed receipt of such notice to Holder.

2.4 Restrictions on Exercise. This Warrant may not be exercised if the issuance of the Tokens upon such exercise would constitute a violation of any applicable federal or state laws or other regulations, as determined by the Board of Directors of the Company upon advice of counsel. As a condition to each exercise of this Warrant, the Holder shall execute a copy of the Exercise Notice. The Holder acknowledges that it will need to make a new investment decision if it exercises this Warrant and,

[12] Delete if not using a Preferred Cap. See footnote 14 for a discussion of Preferred Caps.
[13] Include the same timezone used in the definition of Expiration Date.

thus, agrees that if it is not an accredited investor at the time of exercise of this Warrant, then the Company may void this Warrant and return to the Holder the portion of the purchase price attributable to the unexercised portion of this Warrant. If legal counsel to the Company advises the Company that it is necessary or advisable for regulatory reasons, then the Holder shall also be required to deliver, as a condition to exercise, an accredited investor verification letter from a qualified third-party verifying that the Holder is an "accredited investor" within the meaning of Rule 501 of the Securities Act (as defined below). Each Holder acknowledges that the Company is not obligated, and the Company has not made any determination, to generate Tokens. [Notwithstanding the foregoing or anything to the contrary in this Agreement, the Holders shall in no event be entitled to exercise for an amount of Tokens greater than, in the aggregate, [percent][14] of the Total Tokens (the "***Preferred Cap***") and, in the event that the Holders are entitled to an amount of Tokens equal to greater than the Preferred Cap, each Holder's Portion shall be reduced pro rata (to the extent not yet exercised).][15]

2.5 Net Exercise Election.

(a) Upon each exercise of this Warrant and subject to any Transfer Restrictions, the Holder may elect to make such exercise without the payment by the Holder of any additional consideration, by submitting a copy of the Exercise Notice duly executed by the Holder, for the number of Tokens that is obtained under the following formula:

$$\mathbf{X = Y - (A \div B)}$$

where X = the number of Tokens to be issued to the Holder pursuant to a net exercise of this Warrant effected pursuant to this Section 2.5.

Y = the number of Tokens for which the Holder is exercising this Warrant.

A = the Warrant Exercise Price.

B = the fair market value of one Token, determined at the time of such net exercise as set forth in the last paragraph of this Section 2.5.

(b) The Company will promptly respond in writing to an inquiry by the Holder as to the then current fair market value of one Token. For purposes of the calculation in Section 2.5(a), the fair market value of one Token shall be determined by the Company's or Parent's Board of Directors in good faith.

2.6 Notice of Expiration. The Company further covenants and agrees to provide the Holder with (a) at least sixty (60) days' notice prior to any Expiration Date and (b) at least fifteen (15) days' notice prior to a consummation of any Token Launch by a Token Issuer, which notice shall include (i) in each case, a description of the number of Tokens that have been issued by a Token Issuer during the term of the Warrant and the Holder's Portion (including the calculation of such Portion) and (ii) in the case of clause (b), a description of the Protocol and the Tokens to be issued in such Token Launch.

3. ISSUANCE OF TOKENS.

[14] Insert here the highest amount of Tokens as a percent investors in the aggregate can receive. For example, if you would like investors in the aggregate to receive no more than 25% of all Tokens, insert "twenty-five percent (25%)" here.

[15] Inset this sentence if you would like to cap the amount of Tokens investors in the aggregate can receive. Some lead investors may push back on this provision and seek to have it removed.

3.1 Date of Issuance. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date that it is exercised pursuant to the terms of Section 2 above, and the Person entitled to receive the Tokens issuable upon such exercise shall be treated for all purposes as the holder of record of such Tokens as of the close of business on such date. As soon as practicable on or after such date, and in any event within two (2) days following such date of exercise, the Company shall issue and deliver, or cause to be issued and delivered, to the network address specified on the Exercise Notice that the Holder delivers to the Company the Tokens issuable upon such exercise.

3.2 Restrictions on Tokens. The Tokens issued upon each exercise of this Warrant may be subject to such restrictions on Transfer as required by applicable law, as determined by the Board of Directors of the Company in good faith on the advice of external legal counsel and certain additional restrictions on Transfer as may be reasonably requested by the Company[16], including, but not limited to, [[lockups][17]/[a minimum [number][18] year lockup period commencing at Token Launch]] (the "***Transfer Restrictions***"); *provided, that* no such Transfer Restrictions shall apply to the Holder unless all Tokens that are issued (directly or indirectly) to Insiders are subject to the Transfer Restrictions at least as onerous as those applicable to the Holder;[19] *provided further*, *that*, while the Transfer Restrictions apply, the Holder will be able to use the Tokens to (i) stake such Tokens in accordance with the governance and other rules of the Protocol, if applicable, so long as such staking does not result in a deemed "offer to sell" or "sale" of such Tokens; (ii) exercise voting and other governance rights in respect of the Protocol's governance mechanism; (iii) delegate to third parties voting and other governance rights associated with such Tokens in respect of the Protocol's governance mechanism; and (iv) transfer to any affiliate of the Holder.[20] In addition, any such restrictive provisions shall provide that any discretionary waiver or termination of the restrictions of such agreements that are approved by the Board of Directors of the Company or any Token Issuer with respect to any Insider shall apply to the Holder, pro rata, based on the number of Tokens held by such parties. The Company shall have and retain any and all risk of loss of the Tokens arising from programmatic transfer restrictions imposed on the Tokens by or on behalf of any Token Issuer, notwithstanding the Holder's or the Holder's designated custodian's obtaining custody and possession of the Tokens.[21] [22]

3.3 Reservation of Tokens. The Company shall reserve, or cause to be reserved, for the benefit of the Holder, and not distribute, sell or encumber, or cause to be not distributed, sold or encumbered, the maximum number of Tokens issuable under this Warrant until this Warrant is fully exercised or expired.

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[16] Some lead investors may seek that Transfer Restrictions must also be approved by a majority of Holders that must include the lead investor(s).

[17] Use this formulation if you are not yet sure how long any lockup periods will be. Note that many projects will impose lockups due to regulatory reasons and to align investors with the long-term interests of the project.

[18] The minimum number of years that an investor must hold Tokens before transferring or selling any. Many projects impose a one (1) year minimum lockup where a portion of Holders' Tokens will unlock, with additional unlocks over several months or years for the remaining portion of Tokens.

[19] Under this formulation, non-investor Insiders, such as Founders, Company employees, and other Insiders, cannot have Transfer Restrictions that are less onerous than the Transfer Restrictions that apply to Holders.

[20] Some investors may also seek to limit the length of the Transfer Restrictions by terminating them after a certain amount of years. The most common length for such a limit is four (4) years from the Token Launch.

[21] Note that the Company bears the risk of losing investors' Tokens (for example, by inputting an incorrect wallet address when transferring Tokens or using a smart contract with a bug to transfer Tokens).

[22] Investors may impose additional constraints around Transfer Restrictions, particularly around programmatic Transfer Restrictions.

3.4 Additional Covenants.

(a) [**Token Custodians**. Promptly following any initial Token Generation Event, the Company will use commercially reasonable efforts to partner with a high quality third-party custodian solution that meets the definition of "Qualified Custodian" under SEC rules (such as Anchorage, Coinbase or another party that qualifies as a Qualified Custodian)) so that such custodian will accept and support such Tokens with secure wallet and storage services promptly following such distribution.][23]

(b) **Sybil Attacks and Airdrop Farming**. The Holder and the Company will use commercially reasonable efforts to prohibit their respective employees, contractors, Affiliates and the employees and contractors of the Holder's respective Affiliates from creating multiple accounts primarily for the purpose of participating in any retroactive airdrop of Tokens.

4. EFFECT OF REORGANIZATION, CONSOLIDATION OR MERGER.

4.1 In case (a) of any recapitalization or reorganization of the Company (including the conversion of the Company into a foundation company) or (b) the Company shall consolidate with or merge into one or more other corporations or entities, in each case that is not a Deemed Liquidation Event (each, a "***Reorganization Event***"), if after such Reorganization Event, this Warrant is exercisable for Tokens of a corporation or entity other than the Company, then such corporation or entity shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's or other entity's obligations under this Warrant; and in each such case, the terms of this Warrant shall be applicable to Tokens receivable upon the exercise of this Warrant after the consummation of such Reorganization Event. The Company shall promptly give the Holder at least ten (10) days' prior written notice of each Reorganization Event.

4.2 In the event that a Token Issuer completes a Token Launch while this Warrant is outstanding, then this Warrant will become exercisable for Holder's Portion of such Tokens. The Company covenants and agrees that to the extent that such Token Launch is consummated by any party other than the Company, the Company will, as a condition to any participation in, cooperation with, or transfer or license of rights with respect to, such Token Launch, ensure that the Token Issuer accepts, in writing for the benefit of Holder, the obligation to issue the applicable Tokens to Holder upon exercise of this Warrant in accordance with the terms hereof.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

As of the issuance of the Warrant, the Company hereby represents and warrants to the Holder that:

5.1 Organization. The Company is duly organized, formed or created, validly existing and in good standing under the laws of its jurisdiction of incorporation, formation or creation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted and as presently proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect.

[23] Generally, Companies may want to exclude this provision as it may limit the way that they can distribute Tokens to investors, including by preventing them from using smart contracts for distribution and vesting. However, some investors may push that the Company distribute Tokens to a custodian, citing regulatory concerns. The bracketed provision should satisfy such concerns.

5.2 **Authorization**. The execution, delivery and performance by the Company of this Warrant is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company. This Warrant constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

5.3 **No Violation**. The performance and consummation of the transactions contemplated by this Warrant do not and will not (a) violate the Company's governing documents; (b) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (c) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

5.4 **No Consents**. Assuming the accuracy of the representations made by the Holder in Section 6 of this Warrant, no consents or approvals are required in connection with the issuance of this Warrant, other than (a) the Company's corporate approvals and (b) any qualifications or filings under applicable securities laws.

5.5 **Marketable Title**. Upon delivery of the Tokens upon exercise of the Warrant, Token Issuer shall deliver, and the Holder shall have, good and marketable title to the Tokens, free and clear of all liens, claims, charges and encumbrances of any kind whatsoever. The Tokens issuable hereunder will be, upon exercise of the Warrant, fully vested and are not subject to any restrictions on transfer that may otherwise bind the Holder, except as set forth in Section 3.2.

6. REPRESENTATIONS AND WARRANTIES OF HOLDER.

As of the issuance of the Warrant, the Holder hereby represents and warrants to the Company that:

6.1 **Authorization**. The Holder has full power and authority to enter into this Warrant. This Warrant, when executed and delivered by the Holder, will constitute valid and legally binding obligations of the Holder, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

6.2 **Purchase Entirely for Own Account**. This Warrant is issued to the Holder in reliance upon the Holder's representation to the Company, which by the Holder's acceptance of this Warrant, the Holder hereby confirms, that this Warrant will be acquired for investment for the Holder's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same or any part thereof. The Holder further represents that the Holder does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to this Warrant or any part hereof. The Holder has not been formed for the specific purpose of acquiring this Warrant.

6.3 **Disclosure of Information**. The Holder has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of this Warrant with the Company's management.

6.4 **Restricted Securities**. The Holder understands that this Warrant has not been, and will not be, registered under the Securities Act of 1933, as amended (the "***Securities Act***"), by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The Holder understands that this Warrant is a "restricted security" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Holder must hold this Warrant indefinitely unless it is registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify this Warrant for resale. The Holder further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for this Warrant, and on requirements relating to the Company which are outside of the Holder's control, and which the Company is under no obligation and may not be able to satisfy.

6.5 **Accredited Investor**. The Holder is an "accredited investor" as defined in Rule 501(a) of Regulation D, promulgated under the Securities Act.

7. GENERAL PROVISIONS.

7.1 **Attorneys' Fees.** In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Warrant, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Warrant, including attorneys' fees.

7.2 **Transfer**. Except as expressly provided hereunder, neither this Warrant nor any rights hereunder may be assigned, conveyed or Transferred by the Holder, in whole or in part, without the Company's prior written consent; *provided*, *that*, notwithstanding the foregoing, and subject to the transfer restrictions set forth in the legend to this Warrant, the Holder may assign, convey, or transfer this Warrant and/or any rights hereunder to (a) an Affiliate, partner, member, limited partner, retired or former partner, retired or former member, or stockholder of the Holder or (b) subject to the Company's prior written consent, which shall not be unreasonably withheld, any other Person; *provided further*, and, as a condition precedent to the Company's recognition of such transfer, each transferee or assignee shall agree in writing to be subject to each of the terms of the Warrant and make the representations and warranties to the Company as set forth in Section 6. The rights and obligations of the Company and the Holder under this Warrant shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

7.3 **Governing Law.** This Warrant shall be governed by and construed under the internal laws of [the State of Delaware][24], regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.

7.4 **Headings.** The headings and captions used in this Warrant are used only for convenience and are not to be considered in construing or interpreting this Warrant. All references in this Warrant to Sections and Exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

7.5 **Notices.** All notices and other communications given or made pursuant to this Warrant shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified; (b) when sent, if sent by electronic mail during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's

[24] Non-U.S. companies may want to use a different jurisdiction.

next Business Day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) Business Day after the Business Day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt, when addressed to the party to be notified at the electronic or mailing address indicated for such party on the signature page hereto, or at such other address as any party hereto may designate by giving ten (10) days' advance written notice to all other parties in accordance with the provisions of this Section 7.5.

7.6 [Dispute Resolution. Any controversy, claim or dispute arising out of or relating to this Warrant shall be decided solely and exclusively by binding arbitration in Dover, Delaware administered by JAMS. Such arbitration shall be conducted in accordance with the then prevailing JAMS Streamlined Arbitration Rules & Procedures, with the following exceptions to such rules if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay an equal share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to JAMS' rules and regulations) of the proceedings has been given to such party. The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be decided in this manner in lieu of any action at law or equity. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY (A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS WARRANT, THE INVESTMENT AGREEMENT, THE TOKENS OR ANY OTHER MATTER INVOLVING THE PARTIES AND (B) SUBMITS TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE FEDERAL OR STATE COURTS LOCATED IN DOVER, DELAWARE AND EACH PARTY AGREES NOT TO INSTITUTE ANY SUCH ACTION OR PROCEEDING IN ANY OTHER COURT IN ANY OTHER JURISDICTION. Each party irrevocably and unconditionally waives any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in the courts referred to in this Section 7.6.][25]

7.7 Confidentiality. Holder agrees that such Holder and its Affiliates will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor or make decisions with respect to its investment in the Company) any information obtained from the Company that is marked as confidential or that a reasonable person would understand to be confidential, including without limitation any details regarding a Token, the potential launch of a Token, the structure of the Token or any potential airdrop of such Token, unless such information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 7.7 by such Holder or its Affiliate), (b) is or has been independently developed or conceived by such Holder without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Holder by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided*, *however*, that Holder may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent reasonably necessary to obtain their services in connection with monitoring its rights or obligations under this Agreement; or (ii) as may otherwise be required by law, *provided that* such Holder promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

[25] Arbitration is often favored by parties as a cheaper and faster approach to dispute resolution compared to courts. Delete this provision if you do not wish to subject disputes to arbitration. Non-U.S. companies may wish to use a different arbitration venue and rules.

7.8 Amendment; Waiver. This Warrant may be amended and provisions may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of (i) the Company and [[(ii) the Holder[26]]/[the Majority-in-Interest of all then-outstanding Warrants with substantially the same terms as this Warrant; *provided that* such amendment, waiver or modification treats all such Holders in substantially the same manner. "***Majority-in-Interest***" refers to the Holders of the applicable group of Warrants that are exercisable for a majority of the Tokens issuable pursuant to all such Warrants then-outstanding[.][27][and must include the Lead Investor][28]]

7.9 Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Warrant to the extent they are unenforceable and the remainder of this Warrant shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

7.10 [Confidentiality. The Holder agrees that such Holder, its general partner, management company or any of their respective Affiliated investment funds will keep confidential and will not disclose, divulge, or use for any purpose any information obtained from the Company that is marked as confidential or that a reasonable person would understand to be confidential, including without limitation any details regarding a Token, the potential launch of a Token, the structure of the Token or any potential airdrop of such Token, unless such information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 8.8 by such Holder or its Affiliate), (b) is or has been independently developed or conceived by such Holder without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Holder by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that Holder may at any time or from time to time disclose any confidential information (i) to managers, directors, officers, employees, attorneys, accountants, consultants, and other professionals of the Holder, its general partner, management company or any of their respective Affiliated investment funds to the extent reasonably necessary to obtain their services in connection with monitoring its rights or obligations under this Agreement; (ii) as may otherwise be required by applicable law, provided that such Holder promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure; (iii) disclosures by the Holder as part of the Holder's (or its general partner's, management company's or their respective Affiliated investment funds') ordinary course reporting or review procedure or in connection with such Person's ordinary course fundraising, marketing, information or reporting activities or (iv) to any existing or prospective Affiliate, member, partner, stockholder or wholly owned subsidiary of the Holder, its general partner, management company or any of their respective Affiliated investment funds in the ordinary course of business, provided that the Holder informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information.][29]

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[26] This formulation allows the Warrant to be amended by the Company and only the individual investor. This is more Company friendly as it provides the Company more flexibility by enabling it to amend individual Warrants, allowing it to carve side deals with specific investors.

[27] This formulation only allows the Warrant to be amended if a majority (in terms of receiving tokens) of investors in similar Warrants agree to the amendment. This essentially means that amendments to the Warrant can only occur as a class. This is more favorable for follow-on or "party-round" investors as it ensures that they receive equal treatment.

[28] Lead investors may push to require that they specifically must be included to establish a Majority-in-Interest. This means that the Token Warrant cannot be amended with respect to other investors unless the Lead Investor also consents, even if a Majority-in-Interest would otherwise agree.

[29] Investor Confidentiality provisions concerning confidential tokens information is not always included in the market, however, it is a reasonable ask by companies.

7.11 Entire Agreement. This Warrant, the documents referred to herein and all attachments hereto and thereto, together with all the exhibits and schedules hereto and thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, warrants, agreements, understandings duties or obligations between the parties with respect to the subject matter hereof.

7.12 Further Assurances. At any time or from time to time after the date hereof, the Company shall cooperate with the Holder, and at the request of the Holder, shall execute and deliver any further instruments or documents and to take all such further actions as the Holder may reasonably request in order to carry out the intent of this Warrant.

7.13 No Impairment. Except and to the extent waived or consented to by the Holder, or as otherwise permitted under the terms hereof, neither the Company nor any Token Issuer will, by amendment of its corporate documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company or such Token Issuer, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder hereunder against impairment.

7.14 Reporting Matters. The parties hereto intend, and the Company will treat, this Warrant as an option for applicable tax purposes through and including the initial exercise of this Warrant; *provided that* the foregoing would not apply should the applicable tax laws change in the future in a way that, in the opinion of counsel, would cause the Company's compliance with the foregoing to violate such tax laws.

7.15 Counterparts. This Warrant may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf[or any electronic signature complying with the U.S. ESIGN Act of 2000, e.g., www.docusign.com][30]) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[*Signature Pages Follow*]

[30] Non-U.S. companies may want to remove this part or modify it to reference laws in their local jurisdiction or the jurisdiction chosen as governing this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant to Purchase Tokens as of the date first written above.

THE COMPANY:

[COMPANY], INC.

By: _____
Name:
Title:

FOUNDERS:

_____

_____

IN WITNESS WHEREOF, the parties hereto have executed this Warrant to Purchase Tokens as of the date first written above.

HOLDER:

[INDIVIDUAL OR ENTITY NAME]

[By:
Its:][31]

By: _____
Name: _____
Title: _____

Address:

Email:

[31] Remove the "By:" and "Its" lines if the Holder is an individual.

EXHIBIT A

EXERCISE NOTICE

(To be completed and signed only upon each exercise of the Warrant)

To: [FULL LEGAL COMPANY NAME] (the "***Company***")

We refer to that certain Warrant to Purchase Tokens of the Company issued on [Issue Date] (the "***Warrant***"). All terms used but not defined herein have the meanings given to them in the Warrant.

Select one of the following two alternatives:

❒ **Cash Exercise.** On the terms and conditions set forth in the Warrant, the undersigned Holder hereby elects to purchase its Portion of the Tokens (the "***Warrant Tokens***"), pursuant to the terms of the attached Warrant, and tenders herewith payment of the Warrant Exercise Price in full.

❒ **Net Exercise Election.** On the terms and conditions set forth in the Warrant, the undersigned Holder elects to convert the Warrant into Tokens by net exercise election pursuant to Section 2.5 of the Warrant.

In exercising the Warrant, the undersigned Holder hereby confirms and acknowledges that the representations and warranties set forth in Section 6 as they apply to the undersigned Holder are true and complete in all material respects as of the date on which Holder exercises the Warrant. Please (i) issue and deliver the Warrant Tokens to Holder at the network address set forth below and (ii) deliver to Holder, at the address set forth below, evidence that the Warrant Tokens have been registered in Holder's name and allocated to Holder using the network address set forth below.

_____
(Address)

_____
(City, State, Zip Code)

_____
(Federal Tax Identification Number)

_____
(Network Address)

WHEREFORE, the undersigned Holder has executed and delivered the Warrant and this Exercise Notice as of the date set forth below.

HOLDER:

IF AN INDIVIDUAL:

By: _____
(duly authorized signature)

Name: _____
(please print or type full name)

Date: _____

IF AN ENTITY:

_____
(please print or type complete name of entity)

By: _____
(duly authorized signature)

Name: _____
(please print or type full name)

Title: _____
(please print or type full title)

Date: _____