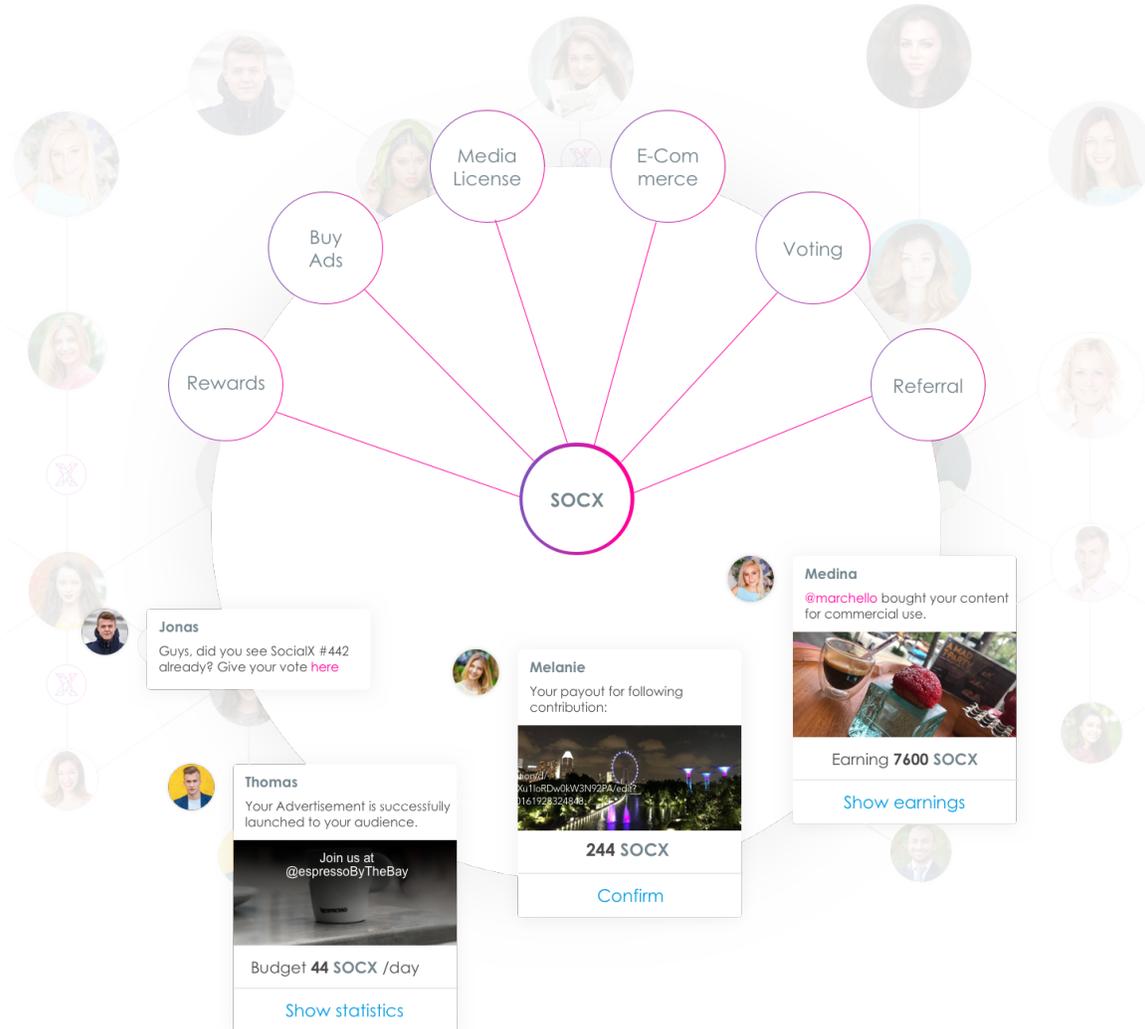


# SocialX

The SocialX ecosystem takes the social media experience to the next level.



## Whitepaper

Draft 1.0

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[Christian Josephs](#)  
[Philip Hendry](#)  
[Hamza \(Jake\) Al-Sadoon](#)  
[Team](#)  
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NO ADVICE

NO OFFER OF SECURITIES OR REGISTRATION

Contact and Support

Reference

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## Executive Summary

We believe in decentralized networks. SocialX will push forward the vision of a decentralized future by accomplishing three tasks: (1) giving ownership of content back to social media users; (2) integrating freedom of speech as a core principle in our platform; (3) building a reward system where contributors are rewarded for content. Our ultimate goal is to open a new chapter in the way humans share snapshots of life and interact with each other.

Centralized social networks have been around since the advent of the Internet. Our craving for peer-to-peer interaction resulted in the creation of the first USENET groups, Friendster, MySpace and

ultimately, the Facebook empire. It has taken us 2,500 years to end centralization in our governance system. The birth of democracy in Athens re-shaped humanity forever; now, the time has come to end the centralized way in which we interact with our peers.

SocialX is an application based on the blockchain technology that supports community building and social interaction with cryptocurrency rewards. We combine concepts from social media with the latest advances in cryptography and distributed ledger technology. On our platform, users can share photos and videos, send encrypted messages, payments, stream live streams and sell licenses for their creative content.

# 1. Introduction

SocialX is a decentralized social media platform allowing users to distribute content seamlessly. Just imagine: photo and videos app that will store your files decentrally and securely in a single platform; built-in license management will allow you to decide if you want to keep your photos private or if you want to sell photo rights to others in exchange for SOCX tokens. SocialX is a community-driven project developed with the user's best interest at heart.

1. We use the best technology available on the market
2. We believe in freedom of speech and less censorship
3. We believe in the decentralization movement and its benefits

## **Why we are different to STEEMIT**

Steemit is a social network where its users post and share original content, usually in the form of text. The main feature of the platform is it's built using a cryptocurrency upvote system: whenever a user upvotes another post, the user automatically sends a tiny amount of STEEM tokens to its author. Sadly, the backbone of the platform is somewhat complicated and can be hard for first time users to understand. SocialX isn't a competitor to STEEM in any way; however, we definitely think a cryptocurrency based upvote system is an interesting concept. As a result, we decided to bring it to the masses by combining blockchain with the winning features of popular image sharing sites. We've also integrated a license management market, encrypted messenger and live stream functionality.

**We launched SocialX to solve many issues with mainstream, centralized social media: SocialX has 10 points traditional social networks lack.**

1. No success for fake accounts and fake likes/followers. The community decides what content is valuable
2. Can reach and produce a lot of high-quality content quickly
3. The value of the platform is passed on to the users
4. Achieves reliability of data with blockchain technology with lower costs than ever before
5. Decentralized photos & videos—you own your own content
6. Give every photo or video a monetized value
7. Manage licenses & rights of photos or videos

8. Reward the community with SocialX tokens
9. Build a great community around what we love the most, photos and videos
10. Rewarding the community means fair rewards for valuable content

Please refer for further explanation to <https://socialx.network>

## **Social Media in the Current Ecosystem**

*“Social media is reducing social barriers. It connects people on the strength of human values, not identities.” - Narendra Modi | Indian Prime Minister*

Our goal at SocialX is to not only reduce social barriers, but all barriers caused as a result of online interaction and centralized censorship. Blockchain technology is a distributed database used to maintain a continuously growing list of records, called blocks. Each block contains a timestamp and a link to a previous block. A blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for validating new blocks. Decentralized systems and tokens are a revolutionary concept on the blockchain, allowing various types of DAOs (decentralized autonomous organizations) to create solutions to our current centralized problems.

Introducing a decentralized social media platform based on the blockchain as a foundation for developing an entire decentralized ecosystem; it will draw attention to the blockchain technology and its potential, with regulators and worldwide governments already taking note. There is an opportunity right now for a project that may disrupt major industries; with change comes a challenge, but SocialX is prepared to tackle it head-on.

## 2. Problems

### **Control your own data**

Centralized servers are currently sending your data from Europe to the US and vice versa and you don't really know who is actually able to read this data; it's possible that hosted data may be accessed with or without the approval or knowledge of the customer.

### **Take license management into your own hand**

Anyone can take your images and use them as their own on social media platforms, like Instagram. According to analysts, the global still image market will reach 4.46 billion USD by 2020<sup>[1]</sup>. SocialX wants to make sure you get rewarded for your creative content at the same time as making it easy for others to use it legally.

### **Centralized platforms are easy targets**

Have you ever thought about how many times the big social networks were attacked by cybercrime? Recent hacks were even possible at big corporations like [Yahoo](#); do you really want to put your privacy at risk just to remain part of a centralized system? Why not bring your identity offline, where you are the only one who can edit it? These days you can even store your cryptocurrency on a USB stick, so why not your identity?

### **Creative content, when compensated, is undervalued for content creators**

Livestreams and videos are huge these days, but the big 4 are just giving away a small percentage to content creators; maybe that is one of the reasons they [quit](#) making content for their audience? But do we really have to accept this? Why not hand it over to the community and let them decide how big the incentive should be for the content creator?

### **Better advertising experience with rewards**

Digital advertising is overrun by middlemen, trackers and fraud. Get a better advertising experience controlling the data you want to give to the platform and be very close with your brands which you wear, use or admire during the day. Engage with them and be rewarded.

### **Users are abused**

- Up to 50% of the average user's mobile data is for ads and trackers, costing as much as \$23 a month.
- Ads use about 5 seconds of mobile load time on average.
- Ads decrease phone battery life by as much as 21%.
- Privacy is violated when large media sites host up to 70 trackers.
- Malware (malvertisements, ransom-ware) is up 132% in one year.

### **Publishers are hurting**

- Google and Facebook take 73% of all ad dollars and 99% of all growth.
- Revenue is recently down 66%.
- Bots inflicted \$7.2 billion in fraud last year.
- Over 600 million phones and desktops run ad-blocking.

- Publishers cannot seamlessly monetize value-added services.

#### **Advertisers are losing**

- Advertisers lack good information on what they are paying for.
- Marketers are often fooled by bogus websites and bots that commit fraud.
- Targeting is poor, making users more likely to ignore ads.

Source: <https://basicattentiontoken.org/index/>

#### **Censorship**

[Turkey banned Facebook and Whatsapp](#), North Korea banned Facebook, Twitter and YouTube, or most recently, [Indonesia banned Telegram](#)? Welcome to 2017—the world has changed and big governments are able to censor like this as a result of centralized infrastructure. Our approach is different and unique - we strictly forbid child porn, human trafficking, drugs, terrorism and more. We will empower our community to forbid content if they think it is not following the SocialX community guidelines. Everyone who engages within the community to maintain this environment will also be rewarded, so that we set a healthy incentive for people to manage content. As SocialX will be decentralized, we are not able to fully forbid or prevent the above mentioned topics, but we will help our voted community managers with tools and algorithms to easily access NSFW content and flag it as inappropriate.

#### **Fake followers and abusive influencer marketing**

Recent studies and experiments have shown that buying followers, likes and comments is easier than before, which brings abusive behaviour into the industry of [influencer marketing](#). We at SocialX believe there should be a better, safer mechanism to bring brands together with credible users within the platform. Through our algorithms we will be able to match marketers with credible users who identify themselves as brand ambassadors. The weight of likes for users with no content or low seniority within the system should be less than a senior user with lots of good content. Users should not be able to purchase influence like at STEEMIT; we believe users should only be able to earn influence.

## 3. Opportunity

SocialX is an opportunity to express yourself without limitations to interact with your friends, family, and others who share similar interests. For those who have not familiar with the technology: blockchain will allow individuals to utilize a decentralized network to store images, videos, and data on a trustless service in which nobody can view, thus maintaining the privacy you need; it will also allow the exchange of cryptocurrencies and other FIAT currencies.

We also believe great developers are key as our platform can grow exponentially, together with developers, improving the value for our users on a daily basis. Soon we will publish how developers can interact with the community inside our platform.

SocialX is a great opportunity to be an early adopter, to learn alongside as it grows; there's even a great opportunity to build a business within the network through licensing and data distribution.

The user was at the forefront of our mind throughout the SocialX creation process. What can they benefit from the most? Our conclusion: freedom and self-governance.

### **Size of the Market**

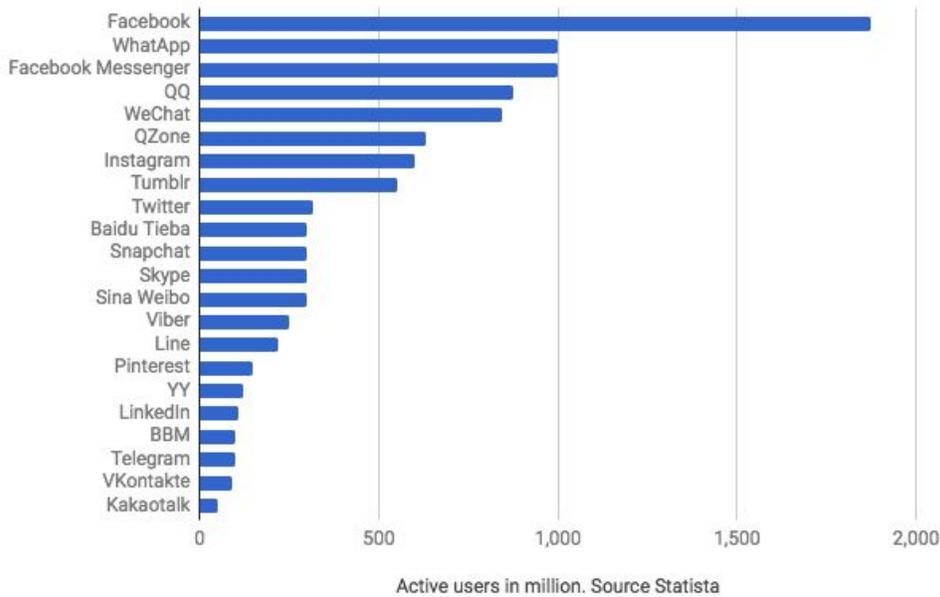
The long-term market we are aiming for is:

- SNS (Social Network Sites): 11.325 billion accumulated active social network users by January 2017
- Stock licenses for still photos and videos: an estimated 2.3 billion US \$ (the global still image market will exceed 4 billion US \$ by 2020.)
- Social Network Ad Spending: 25.98 billion US \$
- Influencer marketing 1.07 billion US \$ now which will reach 2.38 billion US \$ by 2019
- Ecommerce Marketing

### **User**

In the latest statistics published by Facebook, it was very clear that this social network is losing appeal among teens and young adults. This has contributed to a massive growth hindrance. On the other hand, newer platforms like Instagram and Snapchat are seeing a double-digit growth for this same demographic. This suggests that younger users are favoring more visual and trendy communication platforms. We believe that our cryptocurrency reward system puts us in a very unique position to attract this audience.

Social network sites ranked by number of active users



**US Facebook, Instagram and Snapchat\* Users, 2016-2021**

millions, % change and % of social network users

	2016	2017	2018	2019	2020	2021
<b>Facebook</b>	<b>168.8</b>	<b>172.9</b>	<b>176.6</b>	<b>180.0</b>	<b>183.3</b>	<b>186.7</b>
—% change	3.4%	2.4%	2.1%	1.9%	1.8%	1.9%
—% of social network users	89.7%	89.1%	88.6%	88.2%	87.9%	87.6%
<b>Instagram</b>	<b>69.1</b>	<b>85.5</b>	<b>96.3</b>	<b>104.5</b>	<b>111.9</b>	<b>118.1</b>
—% change	17.2%	23.8%	12.6%	8.4%	7.1%	5.6%
—% of social network users	36.7%	44.1%	48.4%	51.2%	53.6%	55.4%
<b>Snapchat*</b>	<b>62.9</b>	<b>79.2</b>	<b>86.5</b>	<b>92.7</b>	<b>97.0</b>	<b>100.2</b>
—% change	36.3%	25.8%	9.3%	7.1%	4.6%	3.3%
—% of social network users	33.4%	40.8%	43.4%	45.4%	46.5%	47.0%

Note: internet users of any age who use their Facebook or Instagram account via any device at least once per month; \*mobile phone users of any age who access their Snapchat account via mobile phone app at least once per month

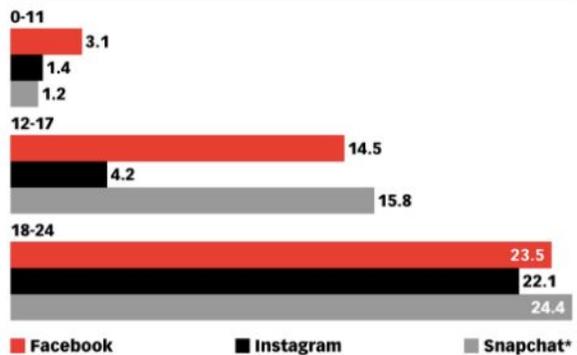
Source: eMarketer, Aug 2017

229752

www.eMarketer.com

**US Child/Young Adult Facebook, Instagram and Snapchat\* Users, by Age, 2017**

millions



Note: internet users who use their Facebook or Instagram account via any device at least once per month; \*mobile phone users who access their Snapchat account via mobile phone app at least once per month

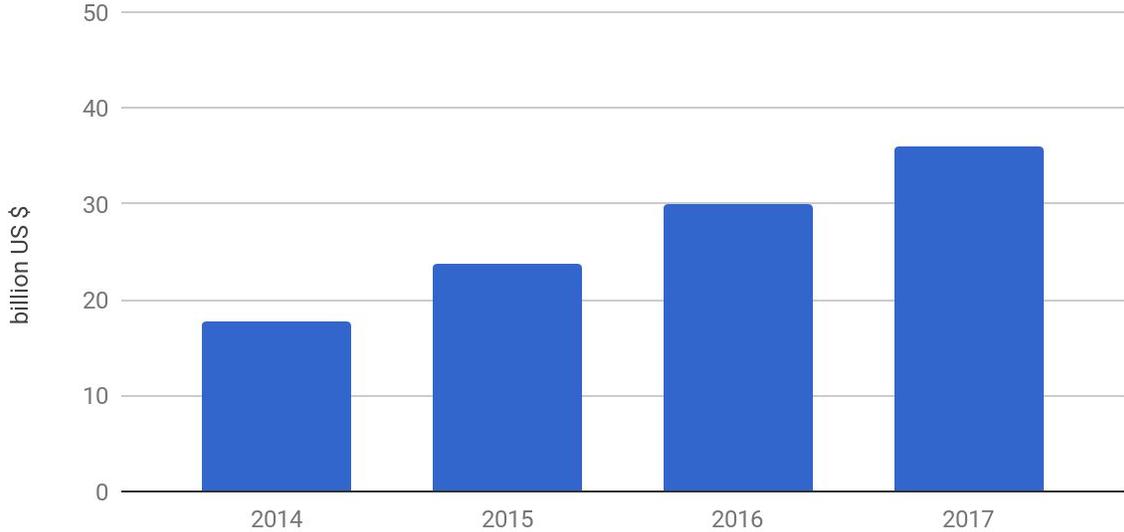
Source: eMarketer, Aug 2017

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www.eMarketer.com

**Social Network Advertising**

Social Network Ad Spending Worldwide



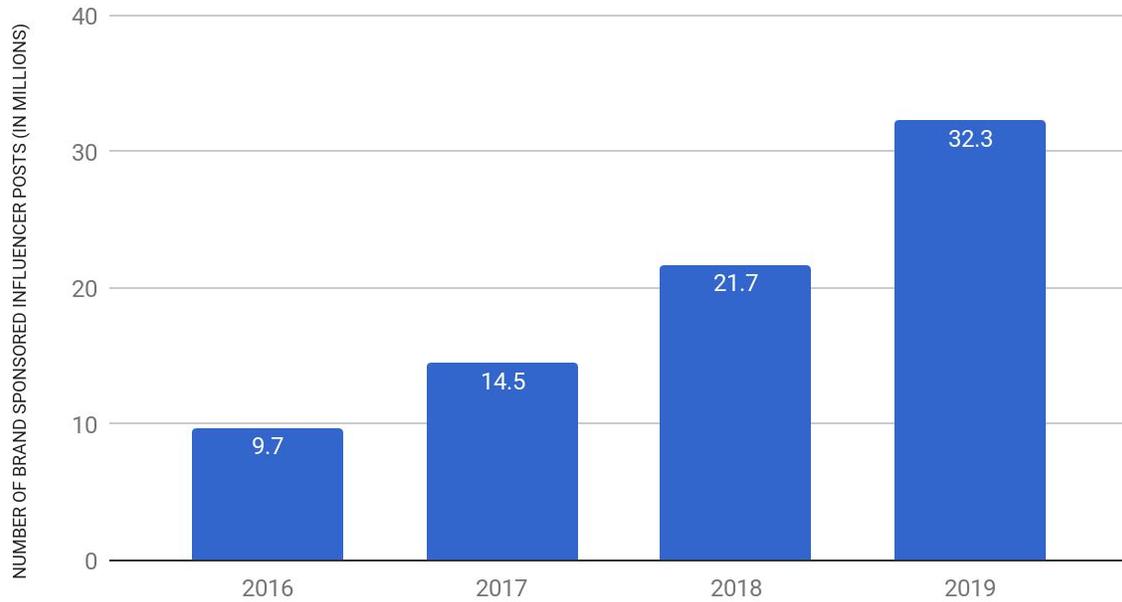
Source: eMarketer

**Still Photos and Video Stock Market**

Technavio, a research firm, has taken a look at the global still image market and concluded that it will exceed \$4 billion by 2020, growing at a compound annual growth rate of over 7%.

## Influencer Marketing

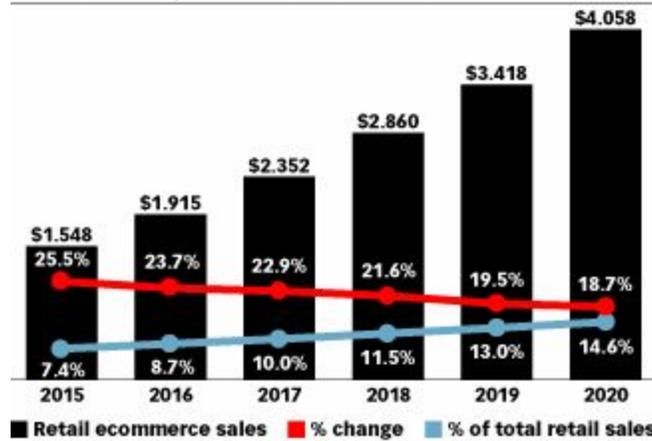
### Brand-sponsored influencer post growth



## Ecommerce Sales

### Retail Ecommerce Sales Worldwide, 2015-2020

trillions, % change and % of total retail sales



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets  
 Source: eMarketer, Aug 2016

213201

www.eMarketer.com

## Advantage Matrix

	<b>SocialX</b>	<b>Steemit</b>	<b>Instagram</b>
<b>Token</b>	SOCX	STEEM	N / A
<b>Focus</b>	Photos & Videos	Blogging	Photos & Videos
<b>Decentralized</b>	Full decentralized (Media, Data, Servers)	Partly decentralized	NO
<b>License Management</b>	YES	NO	NO (even give some license rights to Instagram)
<b>Status</b>	In Development	Live	Live
<b>Reward System</b>	YES	YES	NO
<b>Self-Governance</b>	YES	PARTLY	NO
<b>Debit Card</b>	YES	NO	NO
<b>Ecommerce</b>	Fully integrated	NO	PARTLY
<b>Advertising Platform</b>	YES	YES	YES
<b>Encryption</b>	YES	NO	YES

## 4. The Challenge

How will we achieve a healthy ecosystem and a sustainable company? We've tried to answer as many questions as possible in this section. Many people ask us "how do you make money in the long-run?" The simple answer is: we don't know yet. In our opinion, a lot of tech start-ups have to focus on user growth first, especially with regards to social media. We have several money-making scenarios in our head for the future. One scenario is via advertising and/or sponsored content. Another is to develop partnerships with brands. Another possibility we've considered is to, take a small fee on every photo sold via one of our licenses. These are all ideas and theories—nothing is written in stone, as of yet. Please refer to our SocialX Reward System for in-depth review of potential partner pools, which would give SocialX greater liquidity.

### **How can SocialX grow long-term?**

SocialX grows with its users. Active users are the catalysator for any social media. Our reward system will attract new users with its perks, including: no censorship, self-governance, license management and a great community.

SocialX successfully raised an Initial Coin Offer ([ICO](#)). In total, 90 million SOCX tokens were generated: half of all tokens were offered to contributors during our ICO, the other half will be distributed based on the diagram under the [ICO](#) section. We intend to use an estimated 16% as a reward pool distributed as SOCX tokens to the following:

1. Those who create great content
2. Those who evaluated content deemed great

SOCX tokens will be rewarded to someone who created great Content. Tokens will be distributed based on Superlikes in a Mobile Application. In order to prevent the manipulation of the SOCX token value by large holders, we have integrated a system which artificially slows down the time it takes for the token to be active on the platform. This prevents large token holders from doing wrong to the platform, and incentivizes smaller holders to keep their tokens in SocialX.

### **Attract high-quality content**

At SocialX, great content will be rewarded based on Superlikes received from other users for great content. This not only creates a healthy community, but also attracts high-quality content publishers. We anticipate Celebrities likely to be among the early adopters of our platform due to the opportunity to establish a new source of income from their audience.

### **Increase in demand**

The token demand increases proportionally to the number of active users on the platform, mainly due to our integrated stacking mechanism. Every time a user creates an account, they will receive a certain amount of SOCX tokens which can be used to Superlike content; however, in order to activate the withdrawal mechanism, a user needs to have over \$10 worth of SOCX in their wallet. The initial \$10 will be permanently locked up in the platform and, as such, taken out of circulation. This reduces the token supply available to the public as our user base grows.

### **How is fraud prevented?**

The previously mentioned distribution logic opens the possibility of fraud in our system. Users may try to game the reward mechanism by creating multiple dummy accounts and giving likes to their own posts. In order to prevent this type of destructive behaviour, users must verify their phone via SMS, and a user can only create one account per phone number. This added layer of difficulty makes fraudulent behaviour pointless from an economic standpoint.

Please also refer to our more detailed [Governance](#) section.

## **5. Ecosystem / Technology**

# SocialX Ecosystem

a self-governed social network



## Blockchain Solution

Blockchain makes it possible to record ownership publicly on a distributed ledger. That's why we decided to use this technology for the foundation of the SocialX platform. We will use blockchain technology for our reward mechanism and to decentralize our social network data as much as we possibly can.

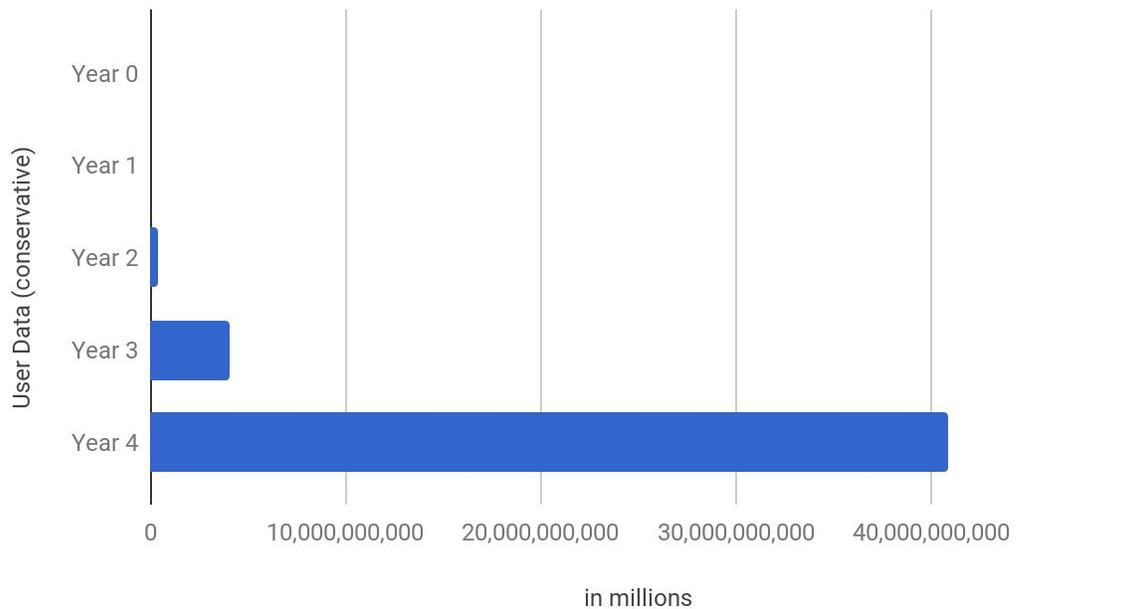
This paragraph is fully rewritten accordingly to the newest [roadmap](#)

Examples of financially incentivized processes:

- Send SOCX tokens to another user
  - Users can send SOCX tokens between each other through our built-in messenger. This feature finally makes true micropayments between friends a reality.
- Receive rewards

- Whenever a user is rewarded through our upvote system, the transaction is recorded on the Ethereum blockchain.
- Buy a license for a photo
  - When an individual purchases the license for a picture he is interacting with an Ethereum smart contract. This saves a lot of time for both the seller and the buyer.
- Exchange SOCX against FIAT
  - Users will be able to exchange SOCX for FIAT or for other cryptocurrencies directly through our wallet.

### Total Monetized Transactions



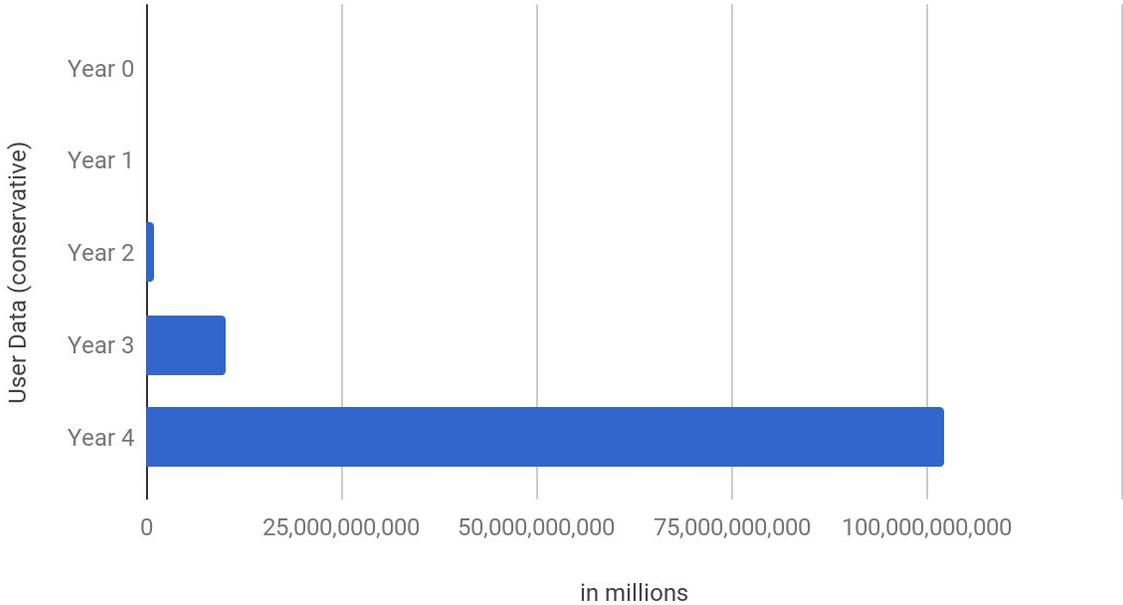
### SocialX Blockchain

Important: We connect the interests of our contributors and of our users with one SOCX Token. Our own blockchain asset will most certainly have also a value on the free market, but we are not planning to let people exchange these assets into SOCX Tokens anywhere in the SocialX ecosystem.

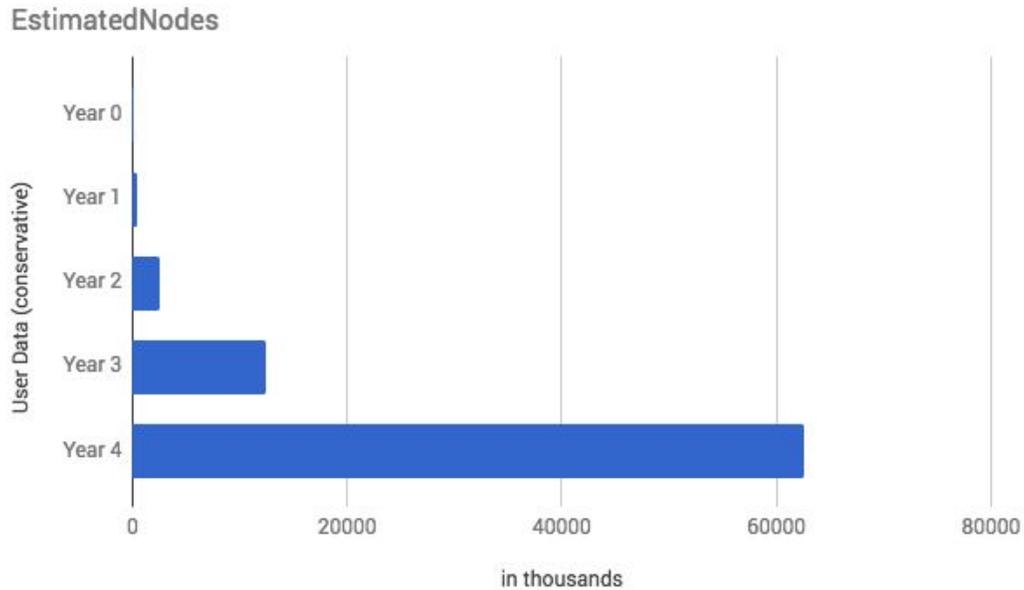
Examples for non-monetizing processes:

- Registration
- Comments
- Likes
- Superlikes
- Dislikes
- Small governance tasks (e.g. checking images regarding license abuse)
- Embedded content to websites

# TotalNonMonetizedTransactions



## Estimated Nodes Within Next Years



## Tech Stack

The SocialX ecosystem will be built on the best technologies for production — we believe in choosing the best tech stack available at moment. Most of the blockchain technology is still in an early stage, but some is production ready and some will be production ready over the next 12 months. Regardless, each individual project will be monitored closely.

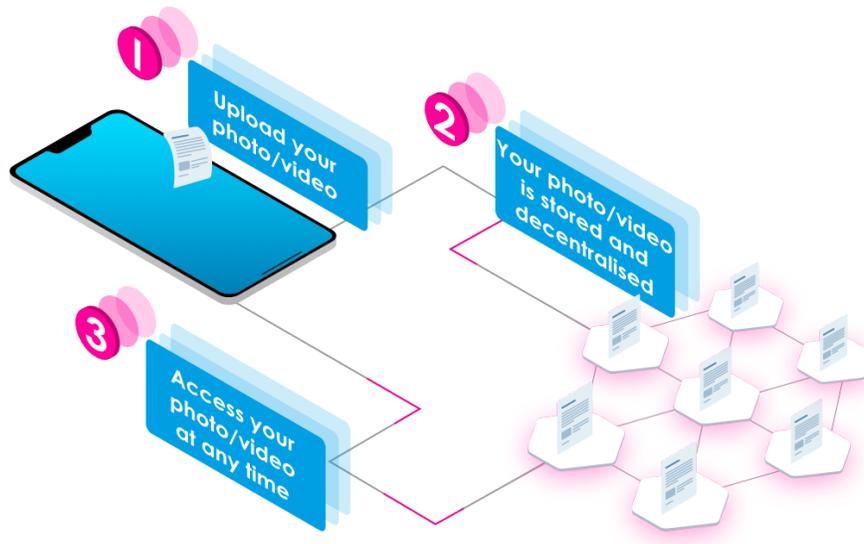
Speed and performance is important for users so, we have to use a hybrid solution which will combine the fastest client server architecture with the newest blockchain technology. We want users to have an ecosystem solution they will love for the many benefits we described.

*This paragraph is fully rewritten accordingly to the newest [roadmap](#)*

## Mobile Application

SocialX will be available for download on both the iOS App Store and Google Play Store.

## A fully decentralised hosting architecture



When you upload an image or video, SocialX reads it as a raw file. A second media file (duplicate) is then created for the purpose of app performance optimization. The application uses IPFS to decentralise the two files (the original file and the optimized file).

All media information is sent to the main Infura IPFS node. All IPFS hashes of the media files are stored in the related post. The application also displays the IPFS media files with their publish hash viewer.

Find out more about the plan of a [fully decentralised social network](#).

### Database

After our feasibility studies, fully decentralized data is slow and not fast, which goes against our ideology. *This paragraph is fully rewritten accordingly to the newest [roadmap](#)*

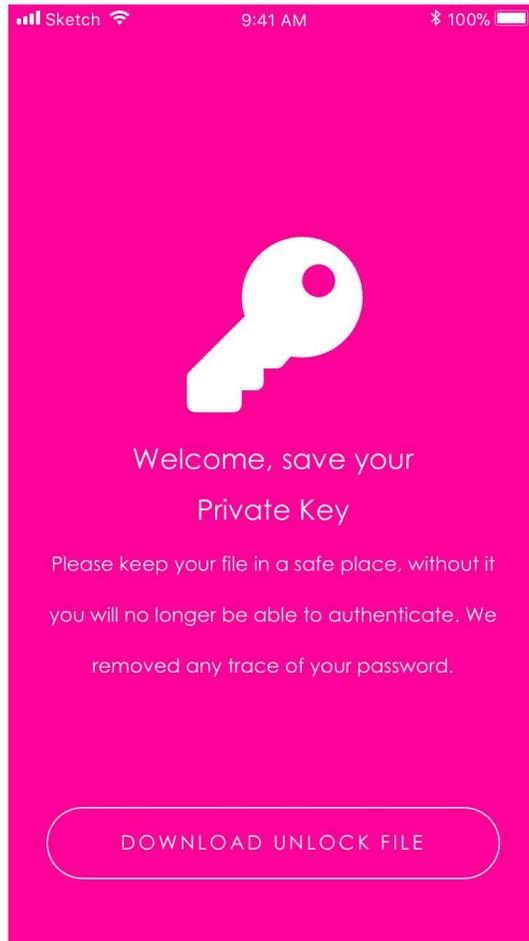
### Encryption

*This paragraph is fully rewritten accordingly to the newest [roadmap](#)*

### User Registration / Login

We believe in a self-regulating system of governance and user registration. New users have to register with an email, username and password. After that, we will have a SMS verification in place to filter people with less than genuine interest in contributing to our community (i.e. fake accounts, duplicate accounts, fraud, etc.). In and of itself, this will be not enough. We hope that we built a healthy community which enables us to have healthy self-governance in place. Users will be able to report a profile/person. If a certain threshold of reports is reached for a specific user, the user will go into our governance system where people can confirm the report or decline the report. A sensitive algorithm will then figure out if the reports are right. Users with less than 100 followers are more likely to get into the governance system than users with 1000 followers.

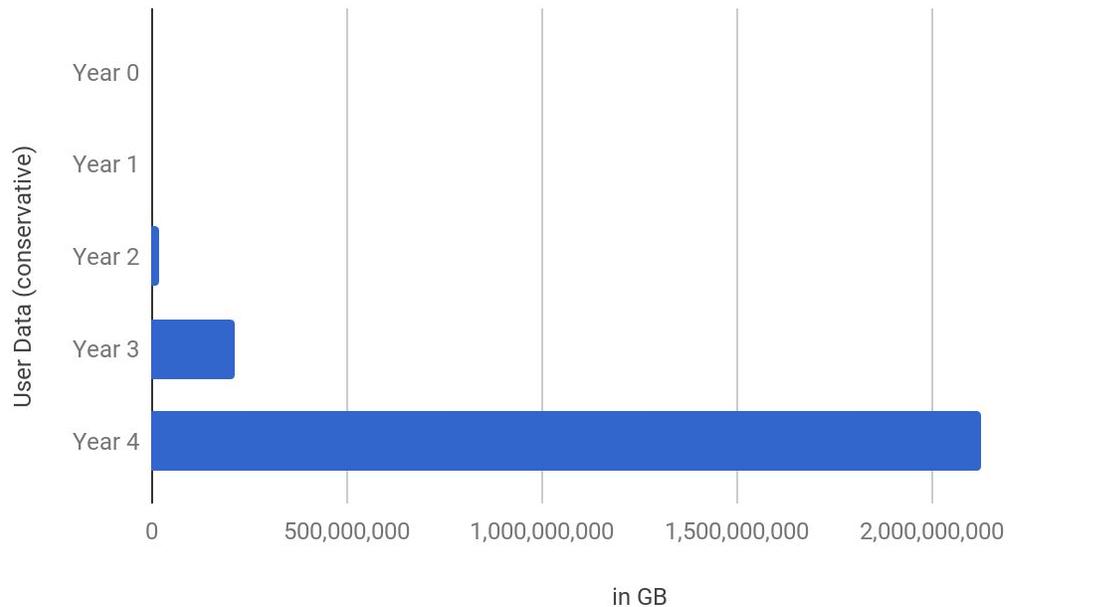
Every registration will be confirmed after the phone verification via the blockchain. Furthermore, we are also exploring/thinking that we may consider allowing multiple accounts with one number; however, users will still have to register, as e.g if it's a business, you will still have a business related phone number etc.



### **Media (Photo, Videos)**

We are internally testing the performance of IPFS. Our main goal in choosing the right decentralised storage is affordability and fast loading for the end user—no one will use a decentralized app if it takes several seconds to load an image or a minute to load a video. Nevertheless, the user media to be stored safely, redundant and decentralized on the storage solution.

## Estimated total storage in GB



### Messaging

Almost every social platform incorporates some sort of messaging feature. SocialX wants to take it one step further, offering mini features within the instant messaging functionality.

While chatting with a friend you'll also have the ability to send SOCX instantly to them, request SOCX, send multimedia attachments (images, GIFs, videos), emojis and much more. We also plan on allowing users to send and receive ERC20 standard tokens through instant messages. Instant messages are the most used feature within a social networking platform; as such, SocialX hopes to make instant messaging more enjoyable and sociable for its users.

SocialX hopes to integrate end- to-end message encryption. This will ensure that only you and the person you're communicating with can read what is sent; and nobody in between can intercept messages, not even SocialX.

### Live streaming

We know gamers tend to have different expectations for a live streaming functionality than the most of the public, or for example, celebrities. Our platform will have dedicated tools for every possible scenario, to increase the impact of our platform. We are currently in partnership discussions with a reputable mobile streaming company. With a yearly growth of 60%, mobile gaming is an **extremely** important industry that we definitely want to target; as such, this collaboration is therefore one of our top priorities.

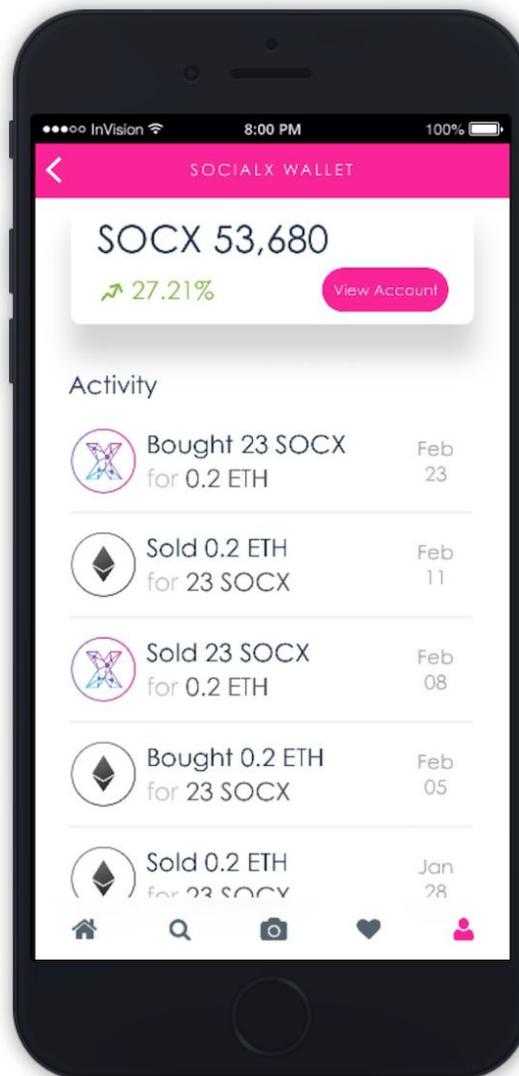
### Privacy

We take privacy issues very seriously and as such, we want to safeguard users control to their account and data privacy. With this in mind, we've set up some standard privacy control settings within user accounts: visibility (choosing whether or not your profile will be publicly visible) and approval (control followers with the ability to approve or reject follow requests).

### Followers System

Each user can be followed by an unlimited amount of users. The amount of followers are not relevant to the earnings of a person; however, if a user gains more trust via followers they will be able to use more Superlikes, which in turn will give them more “power” inside the SocialX ecosystem. All Superlikes will have the same worth. Over time, as the ecosystem evolves, we will make monthly checks on how fair the system is and ask the community for feedback. If a change in this system is required, we will let the community vote about changes, as per our governance system.

### Wallet / Exchange



We are planning to integrate a wallet system within the SocialX ecosystem. This wallet will receive SOCX tokens from the SocialX Reward System and can be used to deposit and withdraw SOCX tokens.

Ethereum will be used for all transaction within the SocialX platform-it's only common-sense, since SOCX is an ERC20-based Ethereum token-as well as any of its related currency transfer features.

The wallet will be integrated into our app. It will be an Ethereum-based wallet in its core with our own custom UI. It will be customized to provide a predefined set of functions, including:

- Displaying SOCX & ETH balances
- Depositing & withdrawing SOCX tokens
- Depositing & withdrawing ETH
- In the future, integrating FIAT deposits

Private keys will always be stored on the client's side, never shared with anyone, so user wallets remain safe.

The app will also have a built-in exchange functionality: it will allow users to buy and sell their SOCX tokens for ETH. We are planning to use one of the existing platforms to provide a decentralized exchange functionality, where every user maintains full control over their funds and doesn't need to trust a central authority. All exchange transactions between users will remain peer-to-peer.

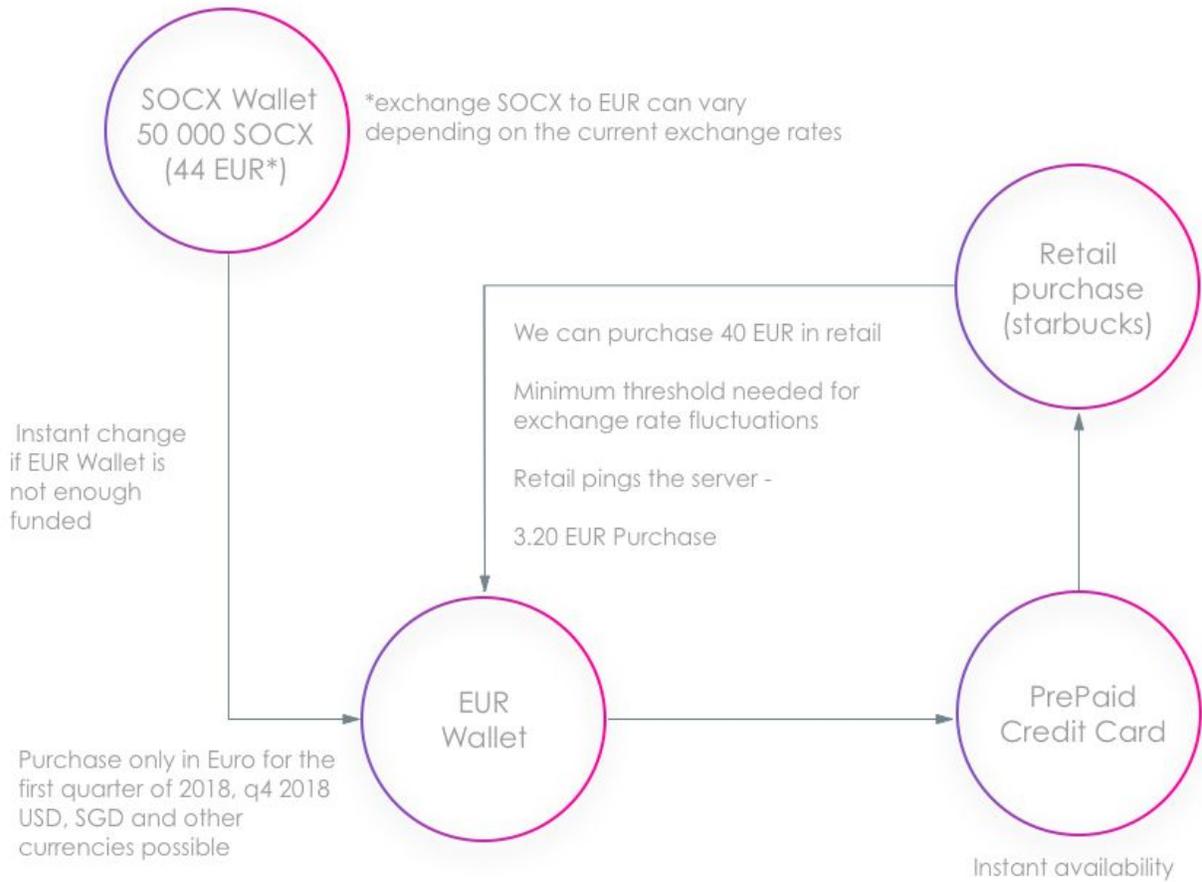
The app will also provide the functionality to buy SOCX instantly at a click of a button. For example, when a user wants to buy a license for a certain image in our system, they will have an option to instantly convert ETH to the required amount of SOCX at a given rate and pay instantly. In this case, the whole trading process described above will remain under the hood, which is to say that the user doesn't need to bother with the details

When we integrate FIAT deposits, we will also let users pay for a license instantly, performing the whole conversion process seamlessly.

### **Prepaid Credit Card**

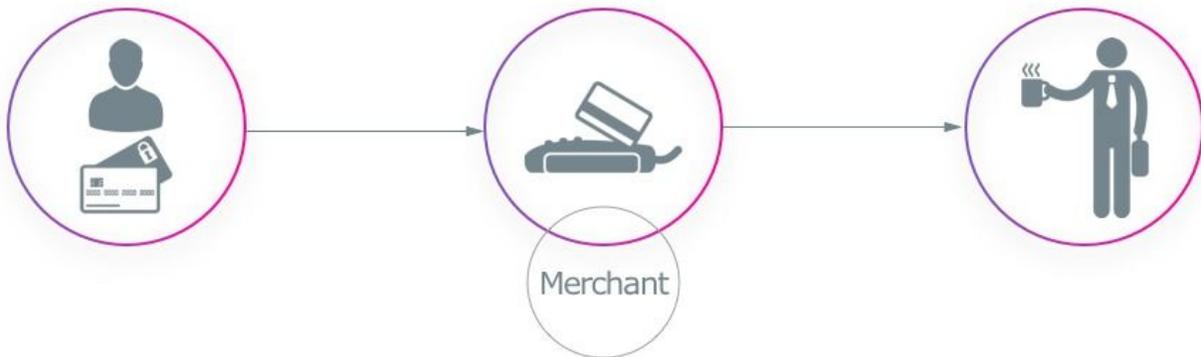
The prepaid credit card will operate on major payment acquirer infrastructure and will integrate with a SocialX backend API for all transactions.

### **Overview**



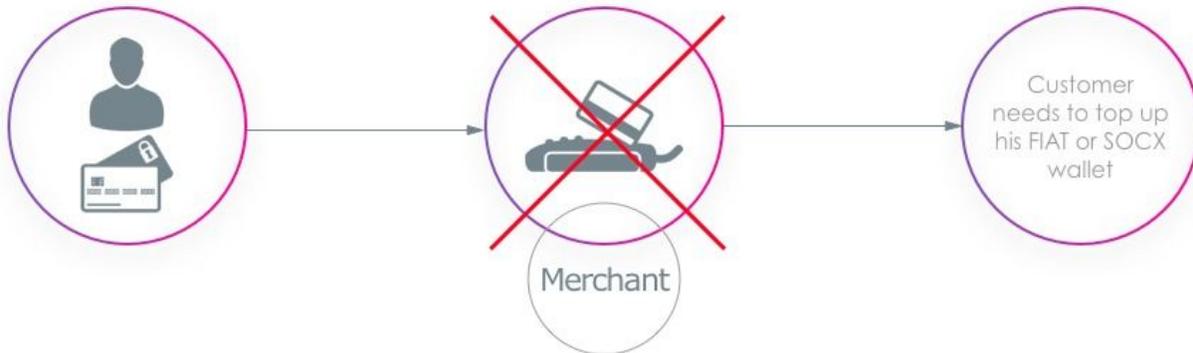
**Transaction Valid**

SocialX uses a prepaid Credit Card which is supported by EUR Wallet which can be funded by SEPA transfer or conversion from Crypto Currencies



**Transaction invalid**

If the retail purchase can not be funded by either the EUR wallet nor the digital currency Wallet then the payment is declined



We plan to allow signups for European prepaid credit cards within Q4 of 2018. We are working together with a [major bank in Europe](#) who is very interested in blockchain startup and its usecases.

### Threshold

Users will be able to payout SOCX tokens out from their wallet after a threshold of \$10. Users will get \$5 of free SOCX when they join the community by completing reward tasks (e.g. posting the first photo). This way, we can motivate users to join our community and at the same time explain all the features and what SocialX offers.

Once a user reaches over 10 USD worth of SOCX in their wallet, the withdrawal mechanism will be activated. These first 10 USD will be permanently locked in the wallet with the purpose of keeping the withdrawal function active.

### Example:

If a user has \$40 worth of SOCX in his wallet, he will be able to withdraw \$30.

We decided to implement this mechanism for three main reasons:

- 1) **Incentivize users to produce high-quality content.** Newcomers will be especially encouraged to actively share content to surpass the 10\$ milestone and activate the withdrawal system. We want to prevent spam and low-quality content just to receive the welcome tokens.
- 2) **Organic growth for the SOCX token.** By locking a certain amount of SOCX in the account for every user, our token will linearly increase in value as we get more users on our platform. Moreover, with enough tokens circulating in the community, we are able to stay liquid inside our app.
- 3) **Usage of SOCX tokens inside the APP.** We encourage users to use their SOCX tokens inside our app for licenses and other purchasable items.

Here are [other use cases](#) how to use the SOCX token inside the SocialX Ecosystem.

### **Reward System**

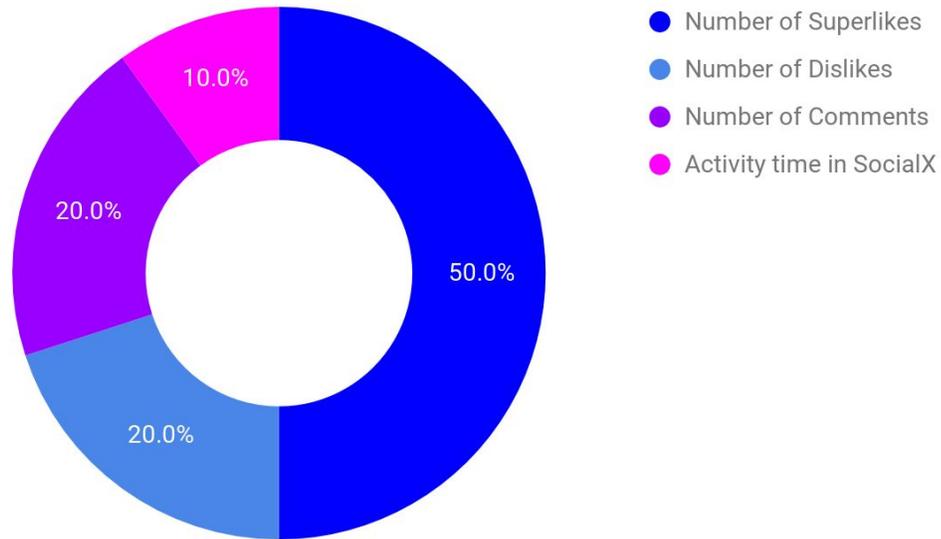
First of all, designing a reward system for a social community will never be easy or fair for everyone. We will try to find the best parameters to start and we will end up with different parameters as the community grows and evolves. The difference between us and other reward systems is that our community can decide: they can suggest changes and can also vote for proposed changes; this way, we can provide the community with scenarios on how the changes could influence the reward system in a good and bad way.

We decided to give the user the choice of a normal like, Superlikes and Dislikes. We name them for the beginning, so there may be a more creative renaming in the future. The functionality behind these will be as following: users can like as many photos and videos they want, but they have only a limited amount of Superlikes and Dislikes. We want to increase the number of Superlikes and Dislikes based on the amount of followers an individual user has as this is a good indicator how well a user is connected in the SocialX community. The amount of Superlikes and Dislikes is reset daily with no rollover. Every Superlike will have the same weight, which means it is equal in terms of shares of the reward system. It is important to note: only Superlikes and Dislikes count into the reward system; normal likes will only show appreciation to the user. The Dislike function is to identify spamming, low-quality content, license abuses or inappropriate content.

With a self-governance system we need the users to decide if photos & videos are accepted in the community or not. An algorithm will decide whether or not people will see a photo/video under the governance tab.

To generate a healthy user community, it requires more than just likes, Superlikes and Dislikes. We also believe that daily active time and comments should be integrated into the algorithm to calculate the share of the reward system per picture or video. When users are more active in the community as contributors—in any terms—they can potentially be rewarded with SOCX tokens. That is also including being active in the governance system / tabs.

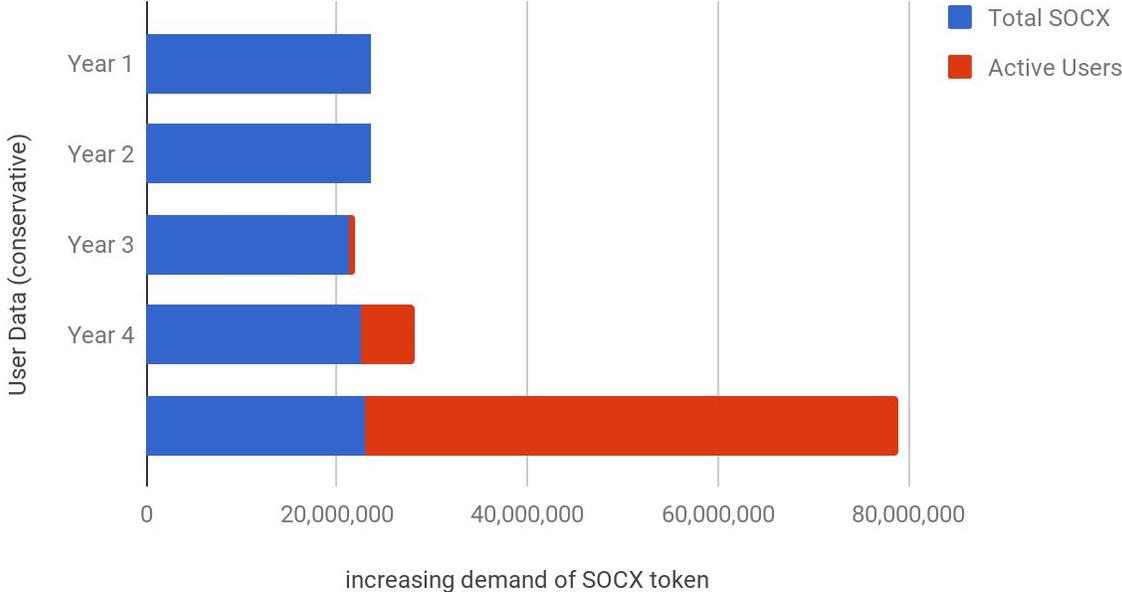
Factors for Payout

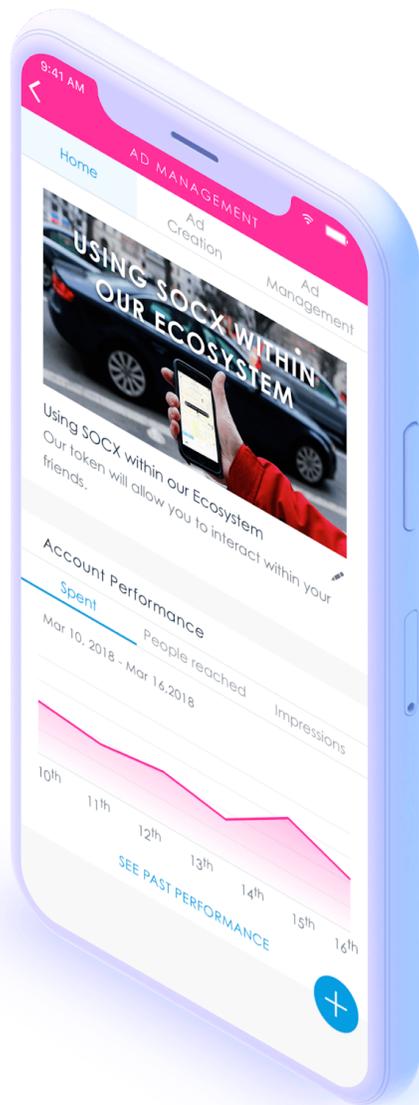


The community actions in the rewards system and the governance system need to be confirmed via the blockchain. To lower transaction fees, we need to use a private blockchain which confirms all non-monetizing processes as required. All monetary processes will be handled by SOCX Tokens.

Our Reward System will be designed so that each individual content creator and user will be fairly compensated this means that we have to be able to adjust the algorithm for the incentive distribution on a daily or weekly basis on the first few months on our user acquisition journey, so that we will have on the other side enough incentive for someone to sign up and use Socialx. But we also have to consider that onboarding Ecosystem participants for SocialX might take a little bit longer than expected means that we have to be able to distribute the reward pool over several years. Along this we also know that if we are able to increase the market value of SOCX that we can reduce the amount of SOCX available for the reward pool as in the end the value is increased means you will get more for your SOCX overtime.

# Estimated Reward Pool





## Advertising

SocialX will have a semi-automatic, self-serve, easy-to-use ad platform; there will be no restrictions, meaning that all SocialX users with a balance of more than 10 SOCX [can create and manage an ad](#) campaign. Ad campaigns will be manageable via an ad dashboard where users can select or create a post for the purpose of advertising. We will not have this advertising feature from the beginning as we will first focus on the user base. Special advertising partners will be granted a status to use premium marketing features, for which the community will agree in the governance tab.

To maintain quality control and ensure compliance, SocialX support staff will manually approve all submitted campaigns prior to going live on the network. All costs will be identified in SOCX and based on CPC (cost-per-click) and CPI (cost-per-impression). Our ad platform will initially launch with basic metrics, with the prospect of extension in the future; initially, ads will not be targeted, but we would like to grow into this as other platforms have done in previous years. We will only support “native” ads within the feed.

## Partnerpool

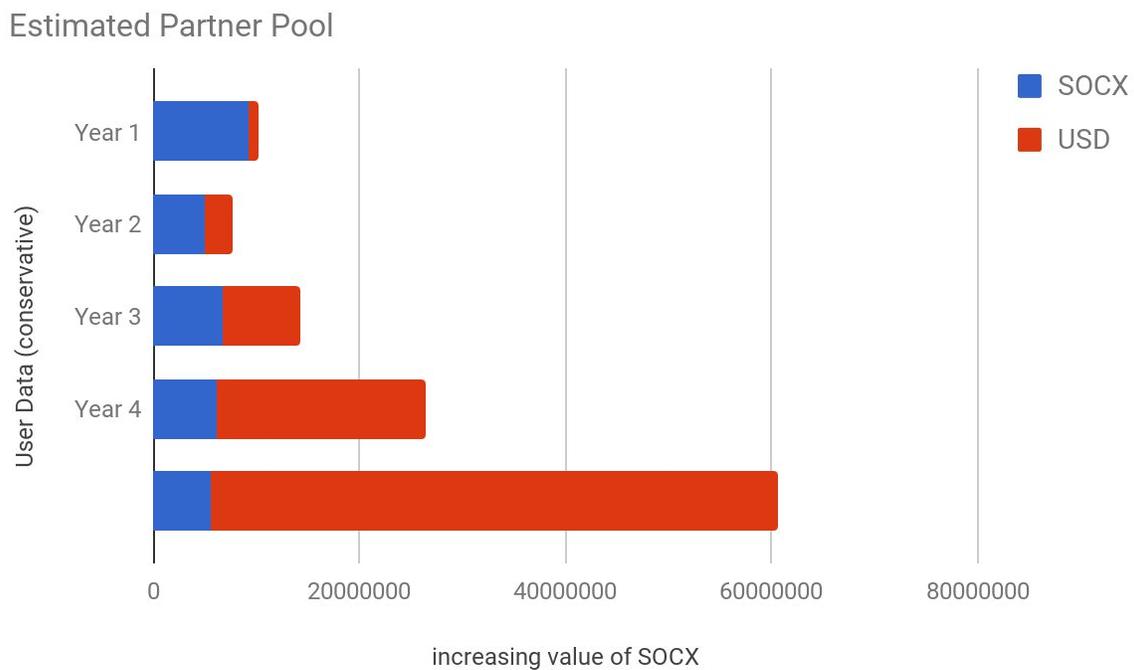
In 1 - 3 years, SocialX intends to acquire a pool of partners which will bring new contributions into the Rewards Pool. It is our plan to continuously obtain new partners with fresh ideas, contributions and attitude.

The funds acquired from the Rewards Pool will flow into the community and be utilized as appropriate by SocialX Management together with the community. Currently, we are planning to give 90% of the new acquired partner contributions to the community and 10% to SOCX token holders. This allocation, however, is subject to further analysis based on actual Revenue and Costs while ensuring compliance with Financial, Transfer Pricing and Tax requirements.

The community has a voting system and can decide which partner offers (which are acquired by the SocialX team) should become part of the ecosystem. Votes for short-term partners will occur once, while votes for long-term partners will be voted again every year. The community can vote to terminate partner programs on special occasions (to be defined), which will result in the loss of the partners reward contribution.

The community also has a voting system to decide which partners' offer (which are acquired by the SocialX incorporation) should become part of the ecosystem. There will be votes for short-term and long-term partners every year. On special occasions (to be defined), there can be community votes to terminate partners' programs. This will result in the loss of partners' contribution, if not other specified. The community can also participate in the acquisition and choosing process of new partners.

**The following could be used as a chart to show how the reward pool can keep up with more active users in the future.**

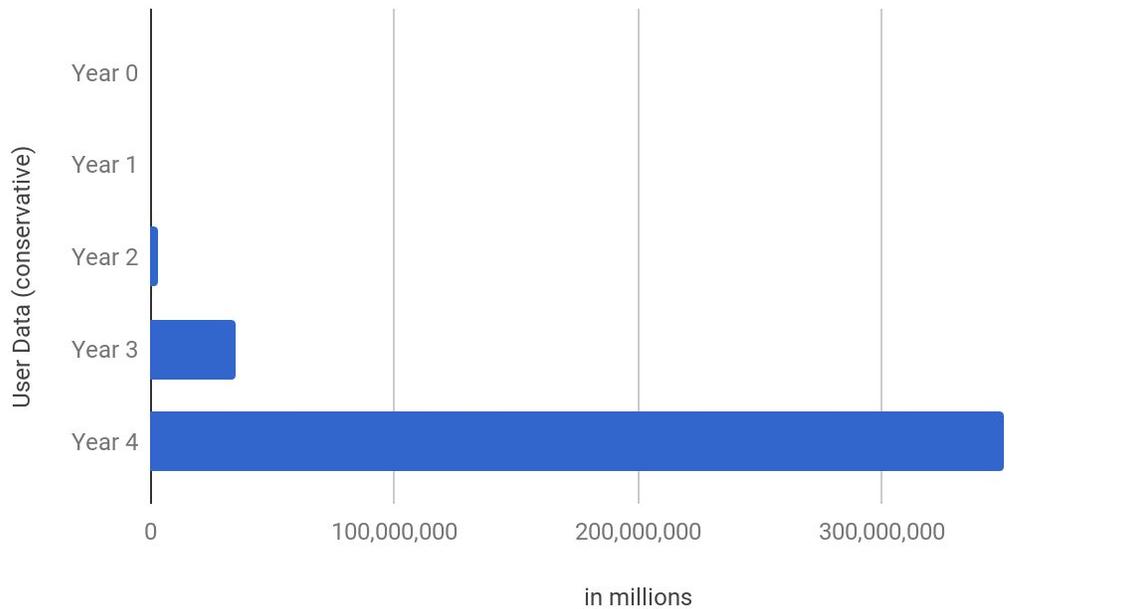


### License Management - Fees & Rights

All SocialX users will be able to upload photos and videos through our platform. After finishing the upload, the user will be able to choose if his photo is free to use (no license applies for the photo) or if he wants to set a fee to use the photo under the U.S. Code › Title 17 › Chapter 5 › § 504 [\[3\]](#). The user will be able to input the license fee in USD, which will automatically be calculated into an amount of SOCX Tokens. The exchange rate will be updated daily via coinmarketcap and will always be set to the USD amount the user wants to charge for the photo or video. The platform also suggests the typical market value for the photo or video for different publishing channels.

Users who want to buy a photo or video can purchase a license for this object by clicking on the details of each photo. The user needs to have SOCX Tokens which he can exchange for fiat in his/her wallet.

### TotalLicenseTransactions



### Who decides what an image is worth?

In the end, with the SocialX licence management, you will decide what content you created is worth to you. SocialX will always help you understand not only the fair market value for your content, but also allows respects your “emotional value” for such content.; then you can decide if you will stick your emotional estimation or will adjust the usual market value.

Below the table shows you the average fee for a copyright infringement:

Example of Use (Standings as of 2016)	Fee
3 months on homepage, size of longest side up to 1500px	225 €
1 month on social media platform	179 €
6 months on social media platform	321 €
travel brochure (print/PDF) circulation up to 50,000 (image size DIN A5)	145 €
flyer (print/PDF) circulation up to 100,000 (image size DIN A6)	350 €

All fees are to be doubled if the author was not mentioned

Source: <http://photoclaim.com/en/damages-for-copyright-infringement-according-to-mfm-calculation/>

Here is also a great overview what the typical cost of a stock photo license is:

Stock Agency	Number of Images	Price	Avg Image Price
Stock Photo Secrets	200 XXL Images	\$99	\$0.495 per Image
Shutterstock	25 Images	\$229	\$9.16 per image
iStock	60 Credits or Images	\$520	\$8.67 per image

### **Why should I make sure I buy a license for a photo and video I use?**

Three months after the post was initially published, the author received an email from an attorney. This particular lawyer is focused on just one thing: image copyright infringement.

The long-forgotten blog post that was published months ago and didn't even bring many visits to the site had become a great liability. The attorney sent the author a formal complaint letter, saying that he was being sued for \$8,000 for using his client's copyrighted photo without consent.

Source: <https://www.contentfac.com/copyright-infringement-penalties-are-scary/>

To find license abuses for you we will use different approaches: one will be a Google reverse search system which is accessible via an API. In our previous jobs, some of our team members worked together with platforms like [plaghunter.com](http://plaghunter.com) to help users find these license breaches. Our penalty system for those who publish unauthorized images as their own will make sure that if ever claim is made and proven that a user has violated licensing, that user would be penalized and their reputation lowered. We believe this would be an effective deterrent.

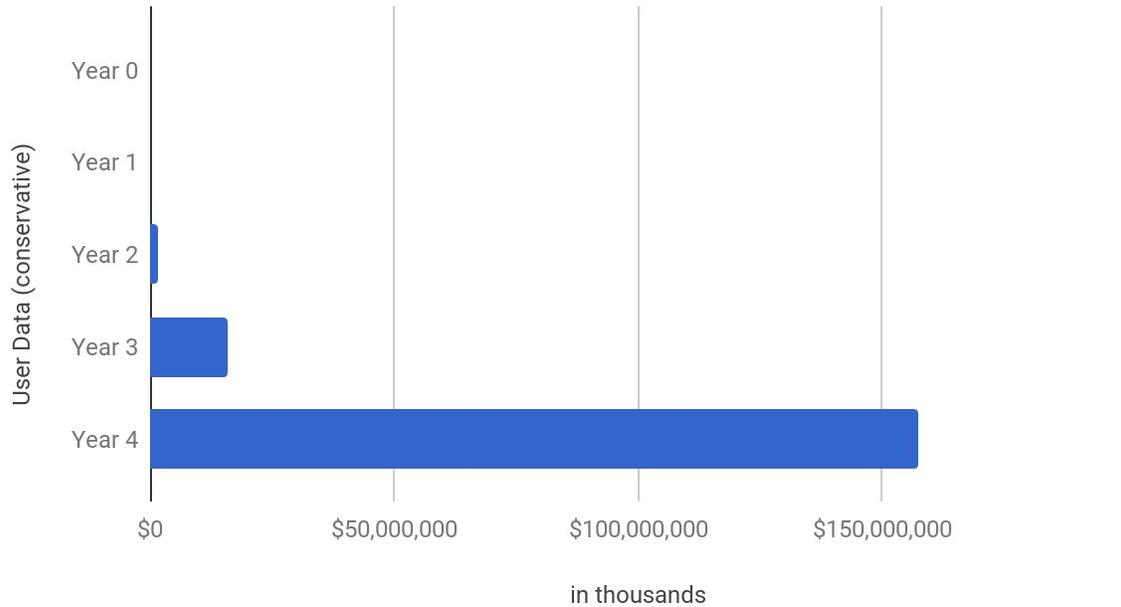
### **Reverse Image Search for Copyright Infringement**

Perhaps you are an artist who creates images and publishes them on the web. Imagine you find those images are used by third parties without your permission? This is essentially "copyright infringement". Or maybe you work for a company and want to know if your precious photos or corporate identity graphics are used only by you and no one else? You should really do an extensive reverse image search on photos you own!

We plan to integrate a feature like this, so you can always be informed as soon as a new record is found if and when your content is found on the Internet; you can analyse whether or not content has been licensed for such use.

### **Transaction fees for license**

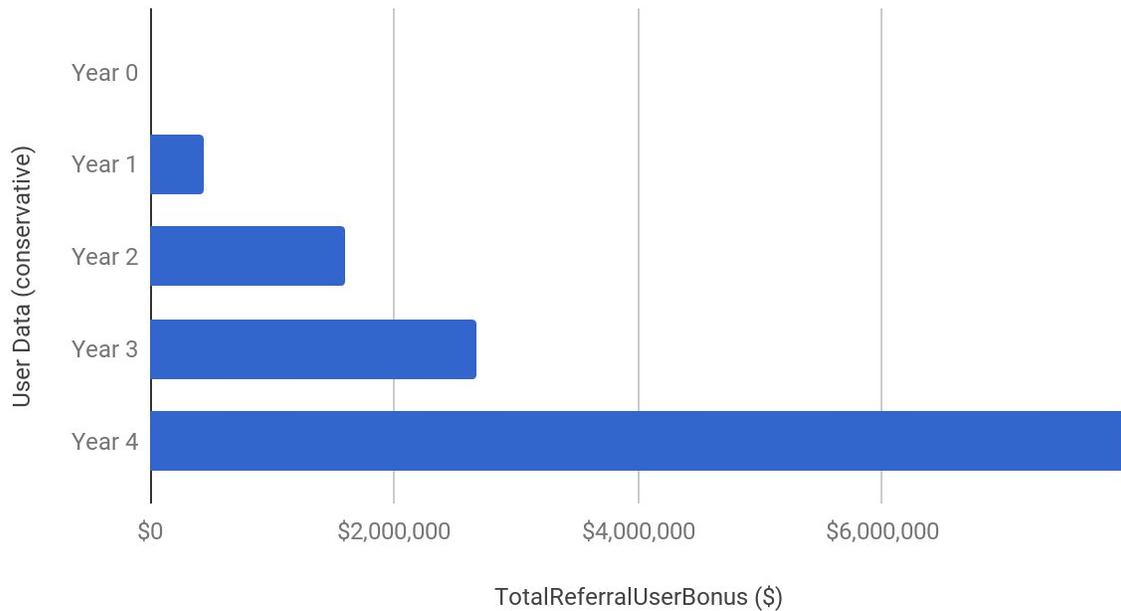
### Estimated License Fees (5%)



### Referral System

A main part of our success will be the community. If we can grow a big community, we can be successful; therefore we are planning to build a referral system which invites friends of friends into the community. We are allocating several SOCX Tokens to this affiliate system to grow the community. Each SOCX Token will have a value to people in our community so they will have a benefit of inviting their friends. We will limit the number invitations allowed per week or month to have a healthy growth rate. We like the way [Uber](#) grew their user base over the years and we believe in a healthy growing community. Note: we will be able to scale up more quickly if needed at some point, with this mechanism.

## TotalReferralUserBonus (\$)



### Ecommerce Integrations

One missing piece in Instagram and Co. is in our opinion the missing possibility to buy a loved product inside the app. For example, when you see a person wearing a nice t-shirt and you think I need that too, you need to buy it mostly via third-party solutions. As SocialX wants to improve the lives of everyday users, we strongly believe that we can solve this problem in the long-term. This does not mean we want to have a platform where everyone (including brands) can advertise their products, but we do believe in a healthy and convenient way of shopping.

Just imagine if your friend wears a nice t-shirt and our platform would be able to track down this product and make a seamless checkout possible, without ever leaving the SocialX app! Although his idea still needs some research and is a bit further down the roadmap, we think you should also know about our long term visions.

### Governance & Incentive

The system will automatically decide which users are active enough to become moderators. Moderators will then get an overview of all entries reported by the community. If a mod approves a reported entry, the user who reported the entry will be rewarded as soon as at least 50% of other moderators come to the same conclusion as the first moderator

If the mod denies the entry reported by a user, the user will be officially warned and informed about false flagging entries. Warnings for false flagging will expire after two months without receiving another warning. After three standing warnings a user might face a temporary ban from SocialX and the user's wallet will be frozen. After the ban expires, the user gets one more chance to prove that he will be a

viable part of the SocialX community. If a user is banned once, and receives two more warnings, the user's account will be permanently banned and his tokens will be added to the Rewards Pool.

At this stage, we don't believe in hiring community managers to monitor our community activities. We believe with a healthy reward incentive, we can work towards the goal for SocialX users and its community to govern themselves.

SocialX believes that economic incentives built into the cryptocurrency model can help with mass adoption of the platform.

SocialX is designed to serve its community and reward its members in a fair and reasonable fashion for their contributions. The question remains: what is fair and how will the platform defend itself from malicious users, sybil attacks and other yet unknown methods of manipulation? It is very obvious that existing platforms like reddit, Facebook, and YouTube employ swarms of editors (censors) who determine whether or not content is applicable, if there is no abuse against the community's members and if votes are not artificially inflated. We all know from our own experience: not everything is fair and editors can't stay on top of all new manipulation ideas, which some influencer will attempt. There are hundreds of thousands of fake accounts on Facebook, YouTube and other platforms which are used to sway public towards one or the other point of view or to sell likes, clicks and opinions, even if the reward is just higher ratings and more traffic.

Since SocialX will reward its members with exchangeable tokens, the motivation to abuse the system will be much higher. If this abuse grows uncontrollably, community would lose faith in the platform and abandon it quickly. The platform would then be infested with scammers and fraudsters and eventually would vanish. The only way to stop it would be by hiring human editors and remove fraudster accounts and automated content.

This in turn, could be another source of abuse by the editors themselves. Editors could easily approve the content—which would fall loosely into acceptable ranges and get into arranged deals with some malicious actors.

To solve these issues and create a fair reward system, SocialX has defined the following set of principles:

1. Everyone's useful contributions to the community should be recognized and rewarded
2. When people feel like a part of the platform and their contribution is recognized, they continue contributing and the platform grows and everyone feels that they own piece of it
3. In order to keep the reward system balanced, proper algorithms have to be designed, which will not only correct imbalances, but will provide metrics and alerts to the community before the system is corrupted to the point of no return
4. Community should be equipped in our governance module, which will allow it to vote on important decision in regard to corrective measures and new ideas to grow and evolve the system
5. Community should be equipped in reputation system which will encourage positive contributions and discourage malicious ones
6. Community should be able to identify which activities are useful for the growth of community and adjust them as the platform grows

7. Algorithms rewarding activity should act like a free market economy: when certain activities are in short supply, systems should either adjust its rewards levels automatically or the community should be given tools to approve those levels when the need arises
8. SocialX is equipped with a micropayment system and can reward users for positive activity, as well as take away for negative activity—e.g. Superlikes, Dislikes, credits for referring new users or time spent on activities supporting community-like moderators
9. Platform is equipped with an algorithmic weight system which is capable of detecting wasting/fraudulent activity in an attempt to gain earnings— e.g. if a member is continually referring new members who never provide meaningful or positive activity, the user accumulates negative credits despite having a large number of referrals. This approach encourages new members to be thoughtful, following the principle of “quality over quantity”
10. The platform will use algorithms to determine spamming activities
11. SocialX will use advanced authentication systems including a phone number verification and is watching growing identity protection systems

#### **KYC & AML**

Governance and censorship will be monitored and managed internally in full compliance with KYC and Anti-Money Laundering (AML) requirements in Singapore, which aligned with International Standard. This additional step needs to be done when, for some reason, the self-governance system of the community fails.

Once the membership size increases, SocialX will consider hiring Compliance Specialist to track, monitor and ensure KYC and AML compliance.

## 6. Roadmaps

Our future roadmap and development plan is transparent and precise.

You can access our roadmaps directly via our website <https://socialx.network/roadmap/>

## 7. Company & Finance

SocialX is a company registered under SocialX Pte. Ltd. in Singapore (201722422D). To view more information about our company and entities, please visit the following link: [Website](#).

#### **ICO Summary**

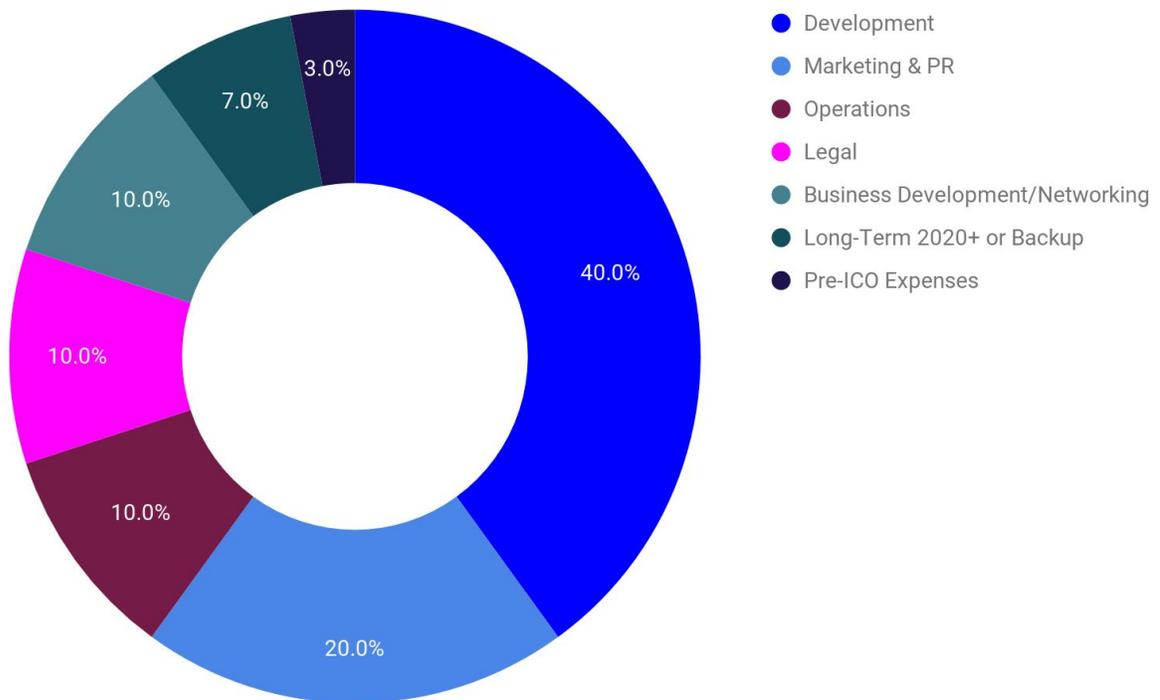
Our ICO is is completed.

<https://medium.com/@socialx/socialx-ico-ended-ae3aff0f3495>

ETH 1830  
ZEN 3200

ICO FINISHED

How raised funds will be used:



## Funds Management

All funds are held safely in [multi-signature](#), hard wallets. Some of the funds will also be stored in fiat to pay expenses which can't be paid in Bitcoin or Ethereum. All accounts are transparent visible for all participants to monitor and audit at any time.

Management & team funds will be paid out over a period of 24 months, according to the pre-defined work packages. Work packages can be adjusted according to new circumstances in development of SocialX.

## Listing on Exchanges

SocialX is listed on three exchanges. <https://socialx.network/trade-socx/> if you want to support the project.

- Fork Etherdelta
- Token.Store
- Upcoin
- Tokenjar

## Funds Marketing

The marketing budget will depend on how much total budget SocialX can generate as a company. Higher % will be allocated to marketing prior to ICO to generate hype and increase awareness of SocialX's business model

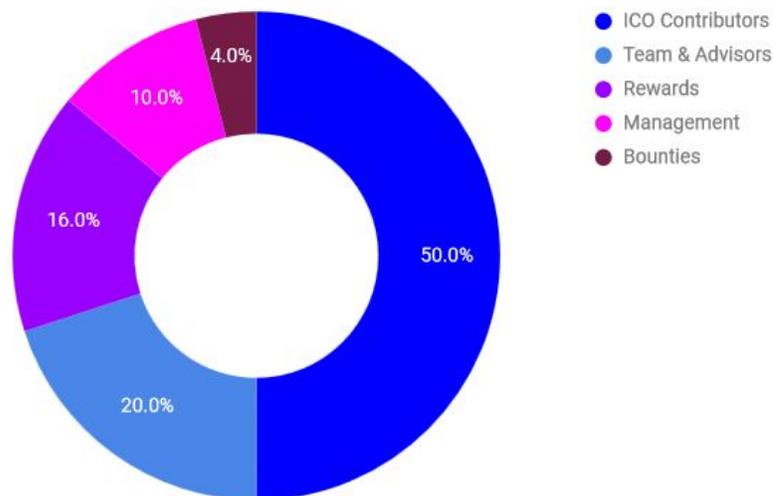
## Funds Operations

We will list an overview of total operation costs to provide better understanding of our internal operational expenditures for this project.

## Funds IT

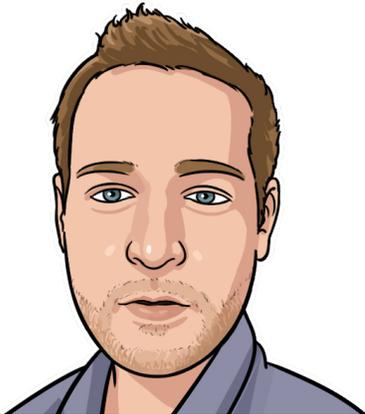
We will list an overview of total IT costs to provide better understanding of our internal IT Budget for this project including its deliverables.

## How Tokens were Allocated



## 8. Key Team Members

SocialX is built by the community. Together, we're shaping the future of SocialX and creating a new type of social network, governed by its own users.



### [Marcel Füssinger](#)

Co-founder & CEO

An Austrian Entrepreneur currently residing in Southeast Asia. He likes to call himself a Global Citizen as there is nothing better than to travel the world and explore new opportunities regarding tech ventures and talents. At No Limit, he is working since 2015 on different Tech Startups & Ventures. In late 2016 he decided to explore Blockchain and his team discovered the opportunity in Crypto & Blockchain which lead to start our reward based decentralized social network (socialX) - where fake followers won't have a chance.



### [Christian Josephs](#)

Co-founder & CMO

During his Master in Business Administration, Christian gained his first experience as CMO of Rabbit Finance in Thailand. After leaving the company, he consulted for over 50 businesses in Marketing & IT around the world. He founded No Limit with Marcel in 2016. Christian has invested in crypto since 2014, following the market closely. SocialX will be his next chapter on the #Blockchain.



## [Philip Hendry](#)

Co-Founder & CFO

Having worked in a few MNCs and start-up businesses, Philip has extensive financial and commercial experience. He has served as a consultant, controller and director in diverse industries. Together with Marcel and Christian, he is looking forward to establishing successful venture in the blockchain industry.



## [Hamza \(Jake\) Al-Sadoon](#)

Co-founder & CTO

Jake is a young entrepreneur born in Canada and the technical genius of SocialX - he has a lot of experience in Blockchain and software development along the existing SocialX Team, he started coding when he was 14 and solving complex algorithmic problems was always his biggest joy when growing up.

### Team



[Darren van Es](#)  
Community &  
Marketing Manager



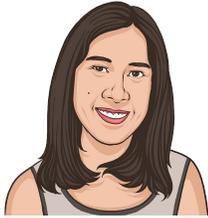
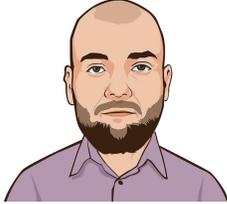
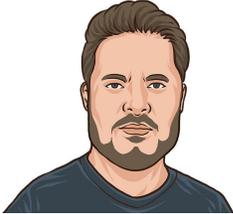
[Oliver Nedved](#)  
Head of Design



[Bogdan Fiedur](#)  
Architecture Lead  
Blockchain



[Roman Vinogradov](#)  
Exchange Developer

			
<a href="#">Alberto Gareppe</a> Designer	<a href="#">Rosary Muana</a> Finance	<a href="#">Ionut Movila</a> React Native Developer	<a href="#">Gabriel Gridan</a> Mobile Developer
			
<a href="#">Aaron Adams</a> Full-Stack Developer			

### Advisors

No big names? Maybe. We are choosing our advisors in terms of trust and knowledge. We have known and worked alongside most of our advisors for years. We believe in their skills to advise our project to be successful. We will most likely add more advisors to our team in key project positions as we evolve.

	
<a href="#">Martin Zinn</a> Financial Advisor	<a href="#">Konstantin Raldugin</a> Security Advisor
	

[Serkan Durusoy](#)  
Security Audit

[Raymond Ong](#)  
Brand Ambassador and Strategic  
Advisor

## 9. Conclusion

The SocialX platform is being built for the mass market to introduce them to a familiar world of social media combined with a new decentralized environment in which creativity thrives. Throughout this whitepaper, we have tried to show the potential of the SocialX project and blockchain technology in which it will operate. This is the beginning of mass adoption of decentralized rich media. SocialX is for the community.

### **Why Support the project**

There's a limit of 90 Million SOCX Tokens due to the regulations regarding smart-contract. The only Tokens that will ever be in circulation are those that will be sold in the pre-ICO and main ICO. When SocialX launches and integrates SOCX Tokens to the platform, demand of SOCX will increase, as more people demand it as a form of payment for their goods and services.

(Bonus rates are established for every period of the ICO.)

## IMPORTANT

SOCX tokens are not intended to constitute securities in any jurisdiction. This whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction.

This whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the distributor/vendor of the SOCX tokens to purchase any SOCX token,s nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the SOCX tokens.

There are risks and uncertainties associated with SocialX and their respective businesses and operations, the SOCX tokens, the SOCX Initial Coin Offering and the SOCX Wallet (each as referred to in this whitepaper).

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).

### **DISCLAIMER OF LIABILITY**

To the maximum extent permitted by the applicable laws, regulations and rules, SocialX shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this whitepaper or any part thereof by you.

## **NO REPRESENTATIONS AND WARRANTIES**

SocialX does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this whitepaper.

## REPRESENTATIONS AND WARRANTIES BY YOU

By accessing and/or accepting possession of any information in this whitepaper or such part thereof (as the case may be), you represent and warrant to SocialX as follows:

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- d. you agree and acknowledge that this Whitepaper, the undertaking and/or the completion of the SocialX Initial Coin Offering (ICO), or future trading of the SOCX tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the SocialX, the SOCX tokens, the SOCX Initial Coin Offering and the SOCX Wallet (each as referred to in this whitepaper);
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- f. you agree and acknowledge that in the case where you wish to purchase any SOCX tokens, the SOCX tokens are not to be construed, interpreted, classified or treated as:
  - i. any kind of currency other than cryptocurrency;
  - ii. debentures, stocks or shares issued by any person or entity
  - iii. rights, options or derivatives in respect of such debentures, stocks or shares;
  - iv. rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
  - v. units in a collective investment scheme;
  - vi. units in a business trust;
  - vii. derivatives of units in a business trust; or
  - viii. any other security or class of securities
- h. you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;

- i. you are fully aware and understand that in the case where you wish to purchase any SOCX tokens, there are risks associated with SocialX and their respective business and operations, the SOCX tokens, the SocialX Initial Coin Offering and the SocialX Wallet (each as referred to in the whitepaper);
- j. you agree and acknowledge that SocialX is not liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you; and,
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These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of SocialX to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

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# Contact and Support

If you have any questions about Socialx, our team, our technology, or anything in between, feel free to reach out.

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Facebook: <https://www.facebook.com/socialxnet/>

Instagram: <https://www.instagram.com/socialx.network/>

Twitter: <https://twitter.com/SocialXnet>

Reddit: <https://www.reddit.com/r/socialx/>

Slack: <https://socialxnet.herokuapp.com/>

Telegram: <http://t.me/socialx>

YouTube: <https://www.youtube.com/channel/UCIVuNiYRcGAzawU4py4EJIQ>

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