

## Howey test results for public sale of PlayBets tokens

To learn more about the PlayBets ecosystem, visit the official website: <https://playbets.io/>

### Block 1: Investment of money

Is there any investment of money?				
Characteristics	Compliance assessment		Examples	YES or NO
Public sale does not occur, tokens are distributed free of charge or earned through mining	<b>0</b>	Tokens that were not sold at a certain price is not investment of money.  If all tokens are distributed free of charge or produced through mining, then no purchase of tokens occurs.	Tokens shall never be sold for money. Tokens can only be acquired through mining. Tokens are distributed randomly for free.	<b>NO</b>
Tokens are sold at a fixed price (including the process of holding a public sale)	<b>100</b>	Tokens that are purchased in the course of a public sale, regardless of whether payment is made by fiat money, crypto-currencies or in any other way that prescribes the price indication of the token, then it is considered a investment of money.	Tokens are sold for Bitcoin or Ether in the process of public sale.	<b>YES</b>

The result for Block 1

**100**

### Block 2: Common enterprise

At what stage does the public sale of tokens occur?				
Characteristics	Compliance assessment		Examples	YES or NO

Preparation for the launching of the ecosystem	<b>70</b>	The sale of tokens occurs before any code gets deployed on the blockchain, is more likely to lead to the creation of a common enterprise, where the profit will be derived from the efforts of others. This is due to the fact that buyers are completely dependent on the actions of developers, and buyers cannot actually participate in the ecosystem until later.	The developer has the idea of a new ecosystem, writes a whitepaper and holds a public sale of tokens.	<b>YES</b>
Ecosystem works in test mode	<b>60</b>	If there is a functioning ecosystem, it is less likely that there are signs of a common enterprise where profit arises from the efforts of others. The closer the sale is to the launch of the ecosystem, the less likely there are signs of a common enterprise.	The developer has the idea of a new ecosystem, writes a whitepaper and launches the working test ecosystem before the public sale of tokens.	<b>NO</b>
Ecosystem works in normal mode	<b>50</b>	The risk of recognizing the creation of a common enterprise is minimal, if the token is sold for the first time, while the ecosystem using the token is already operating as usual, or the token is sold just before the ecosystem is launched.	The public sale of tokens took place at the same time when the ecosystem was launched in the normal operating mode.	<b>NO</b>

What do the holders of tokens have to do in order to obtain economic benefits?

<b>Characteristics</b>	<b>Compliance assessment</b>	<b>Examples</b>	<b>YES or NO</b>
All the token holders will receive constant profit.	<b>25</b>	If the profit is paid to all the token holders evenly or in certain proportions depending on the number of tokens, regardless of the degree of the token holder's participation in the activities of the ecosystem, then such cooperation corresponds more to common enterprise.	<b>NO</b>
There are various ways to generate income between token holders, based on their participation in the ecosystem or the use of the ecosystem services.	<b>-20</b>	If the profit of the holders of the tokens depends on their own efforts and can vary depending on the amount of effort they make, then it is less likely that it will have the features of a common enterprise.	<b>NO</b>

### Block 3: Expectation of profit on investment

What functions does the token have?				
Characteristics	Compliance assessment		Examples	YES or NO
Ownership or equity interest in a legal entity, including general partnership	100	Tokens that give or are intended to create traditional equity, debt obligations or other investor rights are almost certainly securities.  <i>If one or more of the above characteristics is applicable, the token has the characteristics of securities, despite the results of other blocks</i>	The developer issues and sells 100 token-shares of the company. Each token gives the right for 1 share of the company.	NO
The right for a share of profits and/or losses or assets and/or liabilities	100		The developer issues and sells 100 tokens-shares of the profit. Each token gives the holder the right for 1% of the company's profit for the next accounting period.	NO
Granting to the holder of the tokens of the status of the creditor	100		The developer issues and sells 100 tokens-debt obligations. Each token gives the holder the right to receive principal and interest payments, based on the price of the token at the time of sale.	NO
Claims in case of bankruptcy as a equity interest holder or creditor	100			NO
The right to pay the purchase price and/or interest	100			NO
Token does not have any function other than mere existence	100	A token that does not have any real function or is used on the network without any real function is likely to be purchased with the expectation of profit from the efforts of others, because there is no possibility of real use or participation of the token holders. A token that provides only the right to vote has no real functionality.	The developer releases and sells 1 million of "social" tokens to finance the development of a new social network. At the same time, a "social" token is not required for access to the network and does not imply the existence of a real function after the sale.	NO
Specific network functionality is only available for token holders	0	A token that has a specific function that is only available to token holders is likely to be purchased to access this function and is less likely to be purchased with expectation of profit.	A user token is the only way to access and use network services.	YES

Can the token holder perform actions in manual mode, outside the blockchain, to gain the advantage of owning the token?

Characteristics	Compliance assessment	Examples	YES or NO	
Manual action is required outside the network (for example, outside the blockchain) so that the holder can gain the advantage of owning the token	<b>80</b>	The token, the value of which depends on who takes a particular manual action outside the network means that the token does not work by itself. Instead, the use of the token occurs on a discretionary basis with the participation of a third party taking an action outside the blockchain. This type of token is likely to be purchased for speculation, for example, in anticipation of profit.	The developer issues and sells a token, which allows the holder to pay for transport services in the new existing transport network. The network is based on legal contractual relations and manual actions. (Only under such conditions this token will not have signs of a security)	<b>NO</b>
All the functionality typical for the token occurs at the program level	<b>0</b>	A token that includes all the necessary technical permissions is designed to ensure that the token holder does not rely on the manual actions of any third party. This means that buyers often purchase a token for use, rather than waiting for profits from the efforts of others.	The holders of vote tokens can sign transactions in the social network as votes for the users they like and receive rewards for the votes of others for their benefit.	<b>YES</b>

At what stage does the public sale of tokens occur?

Characteristics	Compliance assessment	Examples	YES or NO	
Preparing for the launching of the ecosystem	<b>20</b>	The sale of tokens had begun before any code was revealed on the blockchain; in this case it is more likely to lead to buying for speculative reasons with a profit expectation, rather than for practical use considerations.	The developer has the idea of a new ecosystem, writes a whitepaper and holds a public sale of tokens.	<b>YES</b>
Ecosystem works in a limited test mode	<b>10</b>	If the sale occurs after the deployment and testing of the code, the token is close to the usage as intended in the ecosystem.	The developer has the idea of a new ecosystem, writes a whitepaper and expands the ecosystem in a test mode before the public sale of tokens.	<b>NO</b>
Ecosystem works in normal operating mode	<b>0</b>	If the token is sold for the first time, while there is a fully functioning ecosystem that uses the token, or just before the ecosystem is ready for launch, then the tokens will be purchased for use rather than profit.	The ecosystem had been expanded in the normal operating mode before the public sale of tokens began.	<b>NO</b>

Can the token holders keep real and significant control over the ecosystem through voting?

Characteristics	Compliance assessment	Examples	YES or NO
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Token holders in general can control the development team's access to the funds	<b>-20</b>	If collective approval of token holders is required for the development team to have access to the funds collected in the public sale of tokens, then any right implemented by the token holders is more closely related to their own decisions and less depends on the efforts of others.	The development team sells 10,000 tokens in total for 10,000 BTC. 5,000 PTS will be immediately released under the token contract for the development team, but the rest will only become available after some progress has been made in the implementation of the roadmap and approval by the majority of the token holders will be obtained. If the minimum values of the collected funds are not attained, the remaining BTC will be returned to the holders of the tokens.	<b>NO</b>
Token owners as a whole can vote for making decisions that are important for the development of the ecosystem	<b>-10</b>	If a collective approval of the owners of tokens is required to make significant changes to the ecosystem, any right realized by the holders of the tokens is more closely related to their own decisions and less dependent on the efforts of others.	Significant changes in the ecosystem require voting by the token holders in order to approve them.	<b>NO</b>

**Note:** The right to vote must be in addition to the services of the token. A token with the right to vote and other real functions, most likely, corresponds to the characteristics of Block 3.

How is the public sale of tokens positioned?				
Characteristics	Compliance assessment		Examples	YES or NO
Is positioned as an Initial coin offering, Generating token event, or a similar solution with an explicit possibility of generating a potential income as the main value of the token	<b>50</b>	Marketing of the token as an investment leads buyers to the fact that they can benefit from token speculation, storage or sale of tokens, and not from using a token in the ecosystem. By using the terms "repayment", "return of investment", "profitability" and other terms related to investment activity in marketing materials, potential buyers of tokens are encouraged to buy a token for the purpose of speculation, rather than using the capabilities of the ecosystem.	Tokens-investments include the potential for obtaining a guaranteed income and a quick return on investment in marketing materials, as the main value of tokens. Payback of such tokens can occur even before the launching of the ecosystem in the operating mode.	<b>NO</b>
Is positioned as an Initial coin offering, Generating token event, or a similar solution with the ability to purchase token at a minimum price for	<b>0</b>	Is positioned as the sale of tokens, which give the right to access the use of the ecosystem. The possibility of generating revenue as a result of the possible increase in the value of tokens in the future is an additional advantage of owning a token, the availability of which cannot be guaranteed.	The token-franchise suggests getting the right of access to the possibilities of the ecosystem, the value of which in the future is likely to grow. A token holder can transfer his tokens to another person in the future in return for economic benefits in interest.	<b>YES</b>

accessing the ecosystem services as the primary value of the token				
There are no possible options for obtaining economic benefits from owning tokens and using the ecosystem.	<b>-100</b>	If the holders of the tokens do not really have options to return the invested money in economic terms, then the signs of the common enterprise are extremely unlikely.	Donations contribute to the development of the ecosystem and token holders are thanks for them. Such tokens have no economic value.	<b>NO</b>

The result for Block 3 **2020202**

Results		OUR RESULT
OVERALL EVALUATION	Does it correspond to the Block?	
0 or less	Does not correspond	Total for Block 1 <b>100</b>
1 - 33	Unlikely	Total for Block 2 <b>70</b>
34 - 66	Equally	Total for Block 3 <b>20</b>
67 - 99	Probably	
100 or more	Very likely	<b>Overall risk assessment 20</b>

The token will have features of securities only if it corresponds to the characteristics of all three Blocks. The higher the score for each Block, the more likely the token corresponds to the Block.

While passing the Howey test, the materials of the manual on the application of US legislation on securities related to blockchain tokens, the full text of which can be found in [legal analysis](#), were used.