

INFORMATION ABOUT THE ISSUER AND DESIGNERS

Toncoin is the native cryptocurrency of The Open Network (TON), a decentralised layer-1 blockchain originally developed by Telegram's co-founders, Pavel and Nikolai Durov. The project began in 2018 as the "Telegram Open Network" with an initial fundraising of \$1.7 billion. However, due to regulatory challenges with the U.S. Securities and Exchange Commission, Telegram ceased direct involvement in 2020. Since then, The Open Network has been maintained and developed by an independent community of developers and blockchain enthusiasts, with the TON Foundation, a Swiss non-profit organisation founded by Anatoliy Makosov and Kirill Emelianenko, being the most prominent supporters.

ESSENTIAL CHARACTERISTICS OF THE CRYPTO TOKEN

Toncoin is a decentralised digital currency designed to support high-performance blockchain applications and facilitate seamless integration with Telegram's ecosystem. Key characteristics include:

Total Supply: Toncoin has a maximum supply of 5 billion tokens, with approximately 2.4 billion currently in circulation. All tokens were pre-mined at launch, eliminating the need for traditional mining.

Consensus Mechanism: TON employs a modified proof-of-stake (PoS) consensus mechanism with Byzantine fault tolerance (BFT). Validators are selected based on the amount of Toncoin staked and participate in block production and validation.

Transaction Speed: The network achieves consensus every 3-5 seconds, enabling rapid transaction settlement. TON can process up to 1,500 transactions per second, with claims of being capable of handling millions of transactions per second through its sharded architecture.

Scalability: TON uses a hierarchical multi-blockchain model with dynamic sharding, consisting of a masterchain and multiple workchains that can process transactions in parallel.

Telegram Integration: Toncoin is deeply integrated into Telegram, enabling commission-free crypto transfers to any Telegram user directly through the messaging app, reaching Telegram's 900 million+ user base.

REGULATORY STATUS IN OTHER JURISDICTIONS

The regulatory status of Toncoin varies across different jurisdictions. The original Telegram Open Network project faced significant regulatory challenges in the United States, where the SEC obtained an injunction in 2019, alleging that the sale of "Gram" tokens constituted an unregistered securities offering. This led to Telegram's withdrawal from the project in 2020.

Since the project's community takeover and rebranding to The Open Network, Toncoin's regulatory status has evolved. In many jurisdictions, it is treated as a utility token used for network operations and services. However, as with many cryptocurrencies, the regulatory landscape continues to develop, and Toncoin's status may vary by country depending on local cryptocurrency regulations and enforcement approaches.

DETAILS OF PERSONS RESPONSIBLE FOR PERFORMING OBLIGATIONS AND WHERE RIGHTS MAY BE EXERCISED

As a decentralised cryptocurrency, there is no central authority responsible for performing obligations associated with Toncoin. The Open Network operates through a decentralised governance model where protocol upgrades and parameter changes are implemented via on-chain validator voting. Users can transact with each other directly on The Open Network and exercise their rights to send and receive payments, participate in staking, and engage in governance activities.

INFORMATION ON THE UNDERLYING DLT OR SIMILAR TECHNOLOGY

Toncoin operates on The Open Network, which uses advanced blockchain technology with several innovative features. The network employs a hierarchical multi-blockchain architecture consisting of a single masterchain and multiple workchains. The masterchain coordinates the network and manages validators, while workchains handle requests from smart contracts and decentralised applications.

TON uses dynamic sharding to enable parallel transaction processing, improving scalability and throughput. The network is designed to be secure and immutable, with the TON Virtual Machine (TVM) serving as a high-performance, stack-based execution environment for smart contracts.

INFORMATION ON THE UNDERLYING TECHNOLOGY USED BY THE AUTHORISED FIRM (IG LIMITED)

Authorised firms that offer Toncoin services typically use secure and reliable technologies to store and manage customer assets. These technologies include cold storage, multi-signature wallets and advanced encryption algorithms. Firms may also adhere to industry standards such as the Payment Card Industry Data Security Standard (PCI DSS) and the ISO 27001 information security management standard. IG allows its clients to buy or sell Toncoin CFDs and, as a result, its clients do not take ownership of the underlying asset. IG does not store or manage Toncoin on behalf of its clients.

DETAILS ABOUT HOW OWNERSHIP OF THE CRYPTO TOKEN IS ESTABLISHED, CERTIFIED OR OTHERWISE EVIDENCED

Ownership of Toncoin is established through private keys that are used to access the user's wallet and sign transactions. These private keys are generated by the user and stored securely on their device or with a custodian. Toncoin ownership is not certified or otherwise evidenced by any central authority or government, but is instead recorded immutably on The Open Network blockchain. However, when trading with IG, you will be trading CFDs and therefore there is no physical ownership by the client.

HOW THE CRYPTO TOKEN IS VALUED AND WHAT BENCHMARKS, INDICES OR THIRD PARTIES ARE RELIED ON

The value of Toncoin is determined by supply and demand on various exchanges and trading platforms. There is no central authority or benchmark that sets the price of Toncoin. Instead, the market determines the value based on factors including network adoption, integration with Telegram's ecosystem, utility within The Open Network, and overall market sentiment. IG's CFD is priced from a weighted average of multiple liquidity providers.

DETAILS OF ANY REGULATED EXCHANGE, MTF OR OTHER FACILITY ON WHICH THE CRYPTO TOKEN IS TRADED

Toncoin is traded on various exchanges and trading platforms around the world, including both centralised and decentralised exchanges. Some of the most popular exchanges for trading Toncoin include Binance, KuCoin, HTX, OKX, and Gate.io.

The most active trading pair is TON/USDT. Toncoin is also available on decentralised exchanges within The Open Network ecosystem and can be traded on various cryptocurrency platforms that support the token.

RISK OF VOLATILITY AND UNPREDICTABILITY

The value of crypto tokens like Toncoin can be extremely volatile and subject to significant fluctuations in price, which can be caused by a variety of factors including market demand and supply, integration developments with Telegram, regulatory changes, geopolitical events, and broader cryptocurrency market movements. The value of Toncoin can fluctuate rapidly and unpredictably, and there is no guarantee that the value of the crypto token will remain stable or increase.

FIAT CRYPTO TOKEN RESERVES, STABILISATION AND REDEMPTION

Toncoin does not have any fiat or cryptocurrency token reserves for stabilisation and redemption. Unlike stablecoins, which are typically backed by fiat currency or other assets, Toncoin is a volatile cryptocurrency that is not pegged to any specific asset or currency.

The value of Toncoin is determined by supply and demand on cryptocurrency exchanges, and its price can fluctuate in response to market conditions, network adoption, and ecosystem developments. The token supply is managed through the network's proof-of-stake consensus mechanism and governance processes.

CYBERSECURITY RISKS

Crypto tokens, like Toncoin, are vulnerable to cyber-attacks that can result in the loss or theft of the tokens. Cybersecurity risks associated with the underlying technology used for the crypto token, such as The Open Network blockchain, should be carefully considered. There may be risks associated with the storage, transfer and use of crypto tokens, and measures should be taken to mitigate these risks. Since IG offers a CFD, the client is not exposed to these risks.

RISKS OF FRAUD, HACKING AND FINANCIAL CRIME

There are significant risks of fraud, hacking and financial crime associated with crypto tokens, such as Toncoin. Fraudulent schemes and scams that involve crypto tokens have become increasingly common and it is important to be aware of these risks when investing in or using crypto tokens. It is also important to consider the risks associated with the use of crypto tokens in illicit activities, such as money laundering and terrorist financing. Since IG offers a CFD, the client is not exposed to these risks.

OTHER RELEVANT INFORMATION

There may be other factors relevant to understanding and assessing the risks associated with Toncoin. Important considerations include the token's deep integration with Telegram's ecosystem and its dependence on Telegram's continued support and user base growth. The network features innovative services such as TON Storage (decentralised file storage), TON Proxy (anonymous routing/VPN), and TON DNS (decentralised domain system). Additionally, Telegram's revenue-sharing model, where 50% of advertising revenue is distributed to channel owners in Toncoin, creates unique utility and demand dynamics. It is important to conduct thorough research and due diligence before investing in or using Toncoin and to seek professional advice if necessary.