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Certification Report

Abstract:

The ICC (“ICO Certification Committee”) of Finacom Limited (“Financial Commission”) received an ICO certification request from Serenity Financial PLC (“Serenity”). The ICC reviewed the information provided by Serenity in its white paper, its answers to ICC’s due diligence questionnaire (over 150 questions) and discussed queries with Serenity’s key employees. Based on this information, the ICC was able to satisfy itself that the Serenity Financial Token (SFT) platform passed ICC’s certification requirements.

The ICC relied on the expertise and experience of its members in assessing the information provided by Serenity. The certification focused on the assessment by ICC of the Serenity platform and Serenity Financial Token (SFT) being in line with the characteristics set out in the Serenity white paper. This certification is not and shall not be viewed as a recommendation to anybody to subscribe to, nor purchase SFT before, during or after its planned ICO. Potential investors are urged to review carefully "Risks and Warnings" and "Disclaimer" sections of this report.

Financial Team:

Serenity Financial PLC is based in Estonia and founded by Stanislav Vaneev, the Co-Founder of Uptrader and CEO of Grand Capital. CEO Denis Kulagin leads the Serenity project. Both the company’s founder and chief executive have extensive experience in managing Forex brokerages and financial technology products. KYC and corporate documents of the company passed through internal compliance procedures. Serenity provided sufficient evidence verifying the ultimate owners of the organization and its structure. The core team behind Serenity Financial includes over 15 professionals. The Serenity team brings a combined total of over 50 years of experience in the capital and retail financial markets industry, across a range of services and products.

ICO Technology:

The token proposed by SFT has been developed by a team of qualified software developers, with a track record within the industry. The SFT smart contracts are audited and tested by Nik Bailo, an independent 3rd party blockchain professional from One Sock Team (source: <http://onesockteam.com/>), to validate the security of the smart contract while helping SFT comply with industry best practices and smart contract integrity. In consideration of the Serenity Financial smart contracts, several solidity analysis tools were used, and the contract was manually analyzed by Mr. Bailo. The logic of the Smart Contracts was checked and compared with the one described in the white paper. No concerning discrepancies were found. The analysis showed sufficient code quality and security of the project to satisfy ICC standards.

The SFT (Serenity Financial Token) is based on ERC20 Ethereum token standard (source: https://theethereum.wiki/w/index.php/ERC20_Token_Standard). All SFTs are created during the ICO period and any SFT that remains unsold at the end of the ICO period will be destroyed. What makes a token “standardized” is its use of certain set of functions in advance of how it will operate so that SFT could be integrated with fewer bugs or errors. The minimal ERC20 token contract allows the ERC20 to be cloned for these and other functions. The above processes have been considered satisfactory from the ICC’s point of view.

Business Case overview:

The purpose of the SFT ICO, as outlined in the Serenity white paper, is to raise the capital needed to create an independent marketplace with a smart contract depository, which records all trading and non-trading transactions in blockchain and is designed to become a single standardized system for monitoring and resolving disputes between the trader and the broker and to eliminate the possibility of misuse of client funds.

SFT plans to provide a solution where broker customers can use the Serenity platform to safely and efficiently manage their trading funds with FX brokers. The platform will use Ethereum Smart Contracts as a means to monitor the client’s safety of funds. The customer’s trading activity will be recorded in the smart contract via the Serenity platform to ensure a single repository of funds and trading activity, including any realized gains or losses. The customer can use the Serenity platform to withdraw funds from the broker using blockchain technology securely. The combination of functions within the Serenity platform allows the customer to quickly and efficiently manage their trading results and money while having an exact snapshot of all trading activity conducted on the brokerage account. This ensures transparency and allows for customer funds to move quickly at the customer’s request.

While ICC has no means of verifying the likelihood, competency, or ability for Serenity Financial to implement the above-stated business case within its proposed roadmap included in the company's white paper; the ICC is satisfied that the evidence and ideas behind Serenity Financial plan appear genuine, following the satisfactory responses from Serenity Financial which leads to the completion of ICC’s due diligence for its certification to be issued.

Risks and Warnings

The ICC attempts to identify areas of risk in the project, including but not limited to Technology. The technology and security of the Serenity smart contracts and, subsequently, Serenity Financial tokens are critical to its success. The nature of the risk of an offering like this spans from the organization to have the proper business continuity and disaster recovery plans, ability to obtain any needed regulatory Licenses in the future across various jurisdictions. Furthermore, the reliance on underlying blockchain networks, ability to adapt to dynamic markets conditions and industry trends, and defending from multiple forms of attacks from malicious users, are among other countless (and intangible) potential risk involved in cryptocurrency markets and digital asset classes.

Conclusion

Based on the above and subject to the information contained in the "Recommendations" and "Disclaimer" sections below, ICC has been satisfied that Serenity Financial Token (SFT) platform passes ICC's certification requirements.

Recommendations

1. ICC recommends expanding the regulatory and legal analysis in the white paper, to provide deeper insight into how Serenity Financial will mitigate regulatory and legal risks- for any applicable jurisdictions - involved in the Project.
2. According to Serenity Financial, their token cannot be deemed as security, as the SFT does not provide any right to dividends or any voting rights in the Enterprise. Instead, SFT provides the purchaser with access to, or use of, the blockchain-based services that Serenity Financial will offer. Despite the fact Serenity Financial consulted with legal advisers regarding this matter and provided ICC with the evidence of communication, ICC, especially in the light of an expansive view by the U.S. Securities and Exchange Commission of what constitutes a security, still recommends that the firm obtains legal opinions from reputable law firms where Serenity Financial is domiciled, as regulatory frameworks for digital assets emerge.
3. During examination of future product features, such as token issuance by platform end users (professional traders or money managers) it is recommended to add regulatory implications analysis into company's the development plan, as well as prepare detailed disclosures to end users, explaining that they should consult with local regulatory compliance professionals to obtain determine if the use of the Serenity Financial platform is Permissible in their specific jurisdiction or to residents of a particular country.
4. Before token issuance during the ICO phase, Serenity Financial should address several issues discovered during their smart contract audit conducted by the independent 3rd expert Nik Bailo from One Sock Team (<http://onesockteam.com/>) as stated in Mr. Bailo's latest report observed by ICC.

Disclaimer

The certification will not be an indication of whether the ICO will succeed, or fail, nor act as an endorsement of the suitability of the ICO for any investor. The certification is limited to the due diligence conducted by Financial Commission's ICC.

In particular, the certification does not purport to analyze or endorse the following information regarding the issuer and the ICO:

- strategies, outlook and growth prospects;
- future plans, expectations, projections and potential for future growth;
- plans or intentions relating to new products and acquisitions;
- future revenues and performance;
- liquidity, capital adequacy, capital resources and capital expenditures;
- economic outlook and industry trends;
- developments in markets in which the issuer operates;
- the impact of regulatory initiatives;
- the issuer's competitive strengths and weaknesses; and
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21 January 2018
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Head of ICC
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