

*TL;DR: The alleged violations of requirements 2.1, 2.2, 3.1, and 3.2 are not sufficiently characterized; the violation of requirement 5.3. is established and recognised by SPACECHAIN; it has, however, been regularised during the proceedings; the question of the date of assessment of conformity is not resolved by ETHFINEX POLICY; a teleological interpretation essential to preserve the effectiveness of the KLEROS dispute resolution system must, however, lead to the conclusion that the project must comply at the date of submission; therefore the request of SPACECHAIN must be rejected.*

## 1. DISPUTE STATEMENT

SPACECHAIN requested the ETHFINEX badge. Its submission was challenged. Jurors ruled in favour of SPACECHAIN at first instance and considered that the badge should be granted.

This decision has been appealed.

The Challenger claims that:

- *2.1. Violations:* SPACECHAIN shows bad faith by promoting misleading and false information (code and products developed);
- *2.2. Violations:* SPACECHAIN is not backed by a strong technical team; the whitepaper does not contain technical information; if the CTO's skills are indisputable, the technical errors on the whitepaper demonstrate that he is not involved in the technical development of the project; the advisors have no technical skills;
- *3.1. Violations:* the technological progress put forward (satellite) is unrelated to the development of the OS; the launch of two satellites does not constitute the creation of an open source satellite network;
- *3.2. Violations:* the only purpose of the specified token is to serve as a means of payment, which is not relevant in the project area;
- *5.3. Violations:* SPACECHAIN was not transparent about the allocation of tokens to team members.

As a defendant, the Submitter argues that:

- *2.1. Violations:* the code cannot be published before the launch of the project for security reasons; the use of open source code is consistent with the integration project;
- *2.2. Violations:* the CTO is involved as demonstrated by several interventions;
- *3.1. Violations:* two satellites are enough to form a network;
- *3.2. Violations:* the international nature of the space industry makes the use of an easily transmissible token relevant;
- *5.3. Violations:* the lack of details on the allocation of tokens is an oversight that has been rectified.

## 2. EXPLANATORY STATEMENT

### → 2.1. VIOLATIONS

2.1. The token issuer's directors are fit and proper persons (for example they have no previous record of fraud or similar dishonesty offences). *Reject if: The CEO of the project has previously ran an exit-scam, has fake social media profiles or a lack of public presence.*

The Challenger claims that SPACECHAIN deliberately inflated the number of lines of code developed; that in reality, no original lines of code could be found on the project's GitHub; that, moreover, SPACECHAIN did not develop the products it claims to have developed; that this information is misleading and shows bad faith.

It is established that the number of 5.6 million lines of code put forward by SPACECHAIN is likely to suggest that this code was written by the project itself and that the information is likely to mislead the public. This also applies to announcements about the progress of the project, which is a significant exaggeration of the progress.

However, these elements are not sufficient to consider that the issuers are not fit and proper. Indeed, this condition seems to have to be interpreted strictly. The examples mentioned in the guidelines refer to: record of fraud, dishonesty offences.

The conduct in question must be of a certain degree of gravity. In addition, the causal link between a user's potential behaviour and the alleged manoeuvre is very uncertain. Indeed, it is unlikely that the information in question is likely to determine the behaviour of a user.

*De minimis non curat praetor*

**Consequently, this argument must be rejected.**

### → 2.2. VIOLATIONS

2.2. The project leadership, whether as volunteer community members or founders/issuers, are deemed to have the specialised knowledge and experience to deliver the technology roadmap. This could be evaluated for example with: *(Only one stipulation is required)*

2.2.1. Prior track records of protocol or product development. *Accept if: The CTO of the project was a Bitcoin core developer.*

2.2.2. A clearly articulated vision and roadmap. *Accept if: There is a whitepaper of quality describing the project and a realistic roadmap to complete it.*

2.2.3. Backing and support from advisors or investors who are familiar with the subject matter and relevant industries. *Accept if: One of the top 5 crypto-funds is backing the project.*

The Challenger argues that, while Jeff Garzik's skills are undeniable, he is not sufficiently involved in the project since he participates in many projects and his position at SPACECHAIN is not highlighted on his social networks; that the whitepaper contains no technical information; that the whitepaper contains technical errors, which shows that the CTO is not involved; and that the advisors do not have any technical qualifications.

Jeff Garzik's qualifications are not in dispute. His involvement must be presumed as soon as he is publicly designated as the CTO, which he does not contest. This presumption is reinforced by his participation in numerous events in the name and on behalf of SPACECHAIN.

Its lack of technical involvement in the project is an ineffective argument when the requirements do not impose this condition: the text only targets the management team.

Moreover, a technical error in the whitepaper is not sufficient to overturn the presumption established for the above reasons.

In any case, the requirements 2.2. are met as soon as one of the three conditions is met.

However, the third condition provides that the requirement is met if the project is backed by advisors or investors who are familiar with the subject matter and relevant industries.

This is the case here, as the Challenger acknowledges.

**Consequently, this argument must be rejected.**

### → 3.1. VIOLATIONS

3.1. There must be evidence of novel technology in development. This may be evaluated for example by demonstrating: (*Only one stipulation is required*)

3.1.1. A working beta product. *Accept if: There is a proof of concept of the product on a testnet.*

3.1.2. Open-source code in development. *Accept if: There is a significant amount of original code on a public Github repository.*

3.1.3. Architecture diagrams or novel applications of cryptography and mathematics. *Accept if: The whitepaper includes 5 pages describing a novel cryptographic protocol.*

The Challenger maintains that no line of code has been developed by the project; that only a small satellite has been sent into space and that this action is not related to the development of an OS.

It is established that SPACECHAIN has sent two satellites into orbit with an embedded node with their operating system. On the other hand, the quality and originality of the developed OS, which are contested by the Challenger, are not established.

Requirements 3.1. do not imply questioning the quality of the technology developed and only require proof that a novel technology is under development.

Conditions 3.1.1. and 3.1.3. should be discarded as no beta has been published and the whitepaper is relatively short in technical terms.

However, in the very terms of the Challenger, it is not possible to demonstrate that no line of code has been produced.

*Actori incumbit probatio.*

However, the launch of satellites demonstrates that the project is making technological development efforts. This makes it possible to assume, in the absence of solid counter-arguments, that the project meets the minimum requirements of the 3.1.

**Consequently, this argument must be rejected.**

### → 3.2. VIOLATIONS

3.2. There is a demand for the token driven by an existing or future utility. This utility is obtained from obtaining, holding, participating, or spending the token. The team has identified a reason for the token to exist which is not just fundraising. *Accept if: The token is used for staking.*

The Challenger argues that, while the Submitter refers to many of the functions of the token, the SPC tokens actually only has the utility of serving as a means of payment; that this utility is not relevant in the space industry, which could most likely prefer the use of another means of payment; and that, finally, the other functions highlighted by the Submitter are too vague and uncertain.

The requirements 3.2. appear relatively flexible on the assessment of the utility of the token. The only case in which submission can be ruled out on the basis of the uselessness of the token is the one in which the token would only be used to raise funds: "a reason for the token to exist which is not just fundraising".

However, in this particular case, the Submitter maintains that the token could be used to facilitate the creation of applications on the one hand and as a means of payment on the other. The Submitter pointed out that the space industry is based on many international exchanges, which require a simple and rapid means of exchange.

These reasons demonstrate the relatively low utility of the token.

However, given the low level of requirement requirements 3.2., the functions presented are sufficient to consider that the token is not only used to raise funds as long as it continues to be necessary - even if its use would be superfluous - after the fundraising.

**Consequently, this argument must be rejected.**

→ **5.3. VIOLATIONS**

5.3. The team which issued the token should have made efforts to be transparent about details of the token supply, circulating supply, and any inflation, as well as their own ownership of issued tokens. *Reject if: The team provided a pie chart of token allocations. It displays 40% for token sale buyers, 10% for airdrops and 20% for the team. The founders allocated 30% of the tokens for themselves but did not specify it on the pie chart.*

The Challenger claims that SPACECHAIN has not been transparent about the allocation of tokens to team members, partners and investors; that this information is not available on their website or in their official communications; that, if the Submitter demonstrates that he has mentioned this information on a forum that is not specialised and not dedicated to the project, the communication support is not sufficient to demonstrate real efforts of transparency; finally, if the Submitter has updated this information, the conformity of the submission must be assessed at the date of submission and not at the date of the jurors' decision.

- **Regarding the alleged violation:**

Requirement 5.3. provides, on the one hand, for information to be made available to the public (in particular, ownership) and, on the other hand, for the means to be deployed to make this information available to the public.

Ownership is undoubtedly one of the information that should be mentioned.

The question is therefore whether publication on a forum not dedicated to the project is sufficient to characterize transparency efforts.

The obligation of transparency imposes on projects the obligation to provide the public with easily accessible information. Transparency is, by definition, the responsibility of the person to whom the information relates. However, it is inconceivable that this obligation can be considered to be fulfilled when access to information involves significant efforts on the part of the public.

**The alleged violation must therefore be considered established, which the Submitter acknowledges by arguing that it is an oversight.**

**Since the violation was regularized during the proceedings by the Submitter, it must be asked whether this regularization is likely to bring the submission into conformity.**

- ***Regarding the date of compliance assessment:***

To determine the date of compliance assessment, reference should first be made to the applicable text.

The following outlines the minimum set of criteria each project and its associated token must meet before it can participate in the Ethfinex Community Vote and become traded on the Ethfinex platform. Anyone can challenge a project's ability to meet these requirements. An independent jury will decide whether or not this challenge is valid and therefore if the project is eligible for listing.

According to the ETHFINEX POLICY, two requirements appear to contradict each other in interpreting the purpose of the text:

- on the one hand, the policy provides that "An independent jury will decide whether or not this challenge is valid"; it is therefore provided that the jurors will rule on the validity of the "challenge" and not on the validity of the project; the validity of the challenge can only be assessed at the time it is carried out; the dispute crystallizes the characteristics of the project since it is necessary to assess the validity of the arguments against these characteristics;

*dura lex, sed lex*

- on the other hand, the policy officially aims to "outlines the minimum set of criteria each project and its associated token must meet before it can participate in the Ethfinex Community Vote and become traded on the Ethfinex platform"; it can therefore be deduced that these criterias must be met before the token can be exchanged on the platform; a regularisation during the proceedings should therefore lead to an assessment that the project is in conformity at the date of the decision;

*summum jus, summa injuria*

**Thus, the text of the policy is not sufficient in itself to resolve this difficulty of interpretation.**

It is therefore appropriate to refer to a teleological argument essential to the necessary safeguarding of the effectiveness of the KLEROS dispute resolution system in order to adopt an interpretation that gives useful effect to the system.

## SPACECHAIN (SPC) BADGE

It is the Submitter's responsibility to submit a project in accordance with the policy at the time of application. The possibility of regularizing during the proceedings could be relevant as long as the violation is regularizable and demonstrates the good faith of the project.

However, this possibility is not provided for in the texts and would lead to a misuse of the dispute resolution system by including many perverse effects.

Indeed, Submitters could systematically submit non-compliant projects deliberately in order to regularize them only after their request has been challenged. This could lead to undue enrichment and discourage any challenge. In the end, many projects could either become richer at the expense of honest challengers, or benefit from impunity allowing them to list non-compliant projects.

**The means must therefore be favourably received.**

**Consequently, SPACECHAIN's request is rejected.**