

Muse Network White Paper

—Music makes NFT available to everyone

Abstract

This paper illustrates the existing music industry and the current block chain industry major contradictions, why these contradictions restricting the emergence of a more healthy and prosperous music industry, as well as in the new technology, age, cultural background, how to apply new infrastructure, technical scheme and product design, a series of NFT scheme based on block chain, in particular, to solve these contradictions, and ultimately create a completely new music based on the blockchain ecology.

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The creation of art, as people say, is treated as one of the signs that human civilization had emerged, and the popularization of art symbolizes the prosperity of human civilization.

The emergence of NFT certainly represents the latest trend in making it easier than ever to actually own a work of art. Beeple's First 5000 Days sold for nearly \$70 million, making mainstream media around the world see the potential and value of NFT. We believe that music is a more mainstream development area for NFT besides graphic art. This is because music is more artistically communicable (think of how many pictures you can remember and how many songs you can sing), the market is bigger, and royalties are higher. Therefore, we firmly choose to launch the Muse Network project. We believe that the combination of music and blockchain can solve some of the biggest problems in the music industry, and music in turn can solve some of the biggest problems facing the blockchain industry.

We talk about blockchain industry first:

1. Contradictions in Blockchain industry

1.1 The Contradiction between High valuation and Low Social Penetration

According to CoinMarketCap, the overall value of the blockchain industry has reached about \$1.7 trillion. Correspondingly, the total number of blockchain users is still low. According to Statista, there were 54 million¹ blockchain wallet users worldwide as of the third quarter of 2020. And it goes without saying that the current user volume is mainly derived from speculative users, the most typical user activity scenario is trading and holding. A large number of

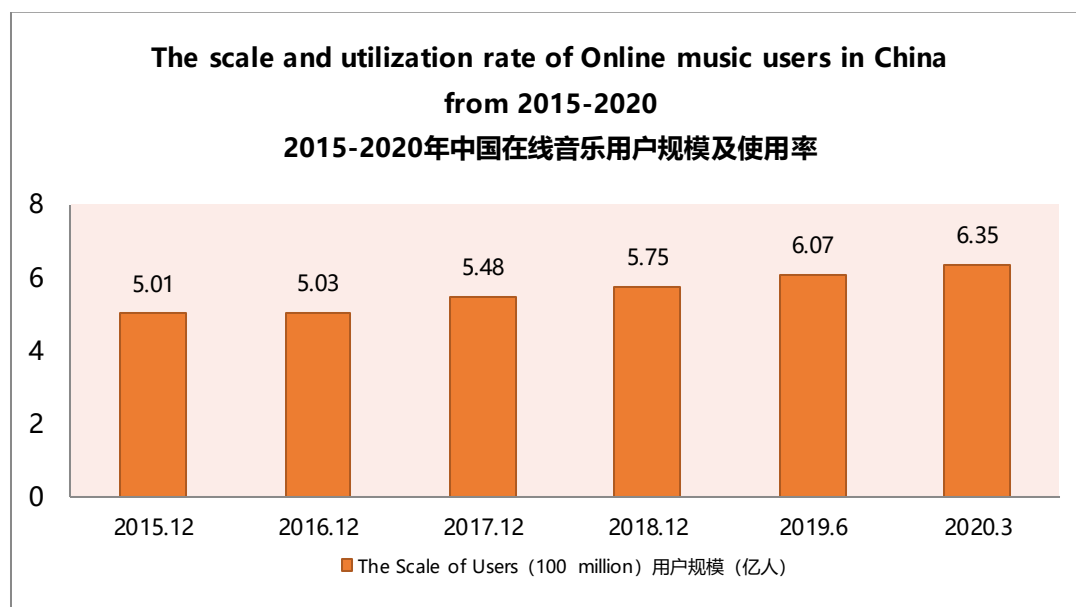
¹ Statista

URL: <https://www.statista.com/>

derivative blockchain applications have yet to achieve widespread social penetration of blockchain. The actual social penetration of blockchain is very low compared to the user penetration rate of Internet applications. It's hard to imagine a company with a \$1.7 trillion market cap that has less than 60 million users who interact with its products.

This phenomenon means that, firstly, the current industry-wide valuation of blockchain needs to be realized as soon as possible by increasing social penetration, and secondly, increasing social penetration so that more people can use blockchain is where the biggest dividends of the industry are currently. We believe that NFT of music is the easiest application to expand social penetration after combining with blockchain. Music is easy to transmit and highly popular. In China, the number of online music users reached 635 million² by 2020. With the right product design, music can serve as a gateway to blockchain assets, making NFT accessible to all.

And that, in turn, will create trillions of dollars in business value.



Source: CNNIC、艾媒数据中心 (date.iimedia.cn)

²iimedia Report 《Chinese music 30 years research report》

1.2 The contradiction between idling on the chain and economic wither on the chain

In the long run, the economy on the blockchain must be able to produce value, not just distribute it. At present, on-chain applications mainly focus on speculative idling arbitrage, including mortgage, futures, lending, trading and so on based on assets such as Bitcoin and Ethereum, which are already very liquid. Speculation also has some value, but if there is no basis for real application, it is easy to idle. A real app is an app that solves a real world problem, connects to the real world, creates new value in addition to the assets on the original chain, and feeds that value into the chain on a continuous basis. Only with the on-chain economy supported by real applications can the value and sustainable development of the blockchain industry be maintained in the long term.

A prerequisite for a real application is the need to link assets off the chain, namely the NFT issuance process. Music is one of the best assets to link to. First, because music is a fully digitized bit asset, unlike physical assets, which have authentication problems. Second, music has the largest market size among bit-asset categories such as literature, pictures and video. Third, the music market has a relatively mature royalty cash flow that can be continuously channeled to the chain. Muse Network will take advantage of these features to develop a real application on our blockchain, allowing a true on-chain economy to develop by bringing a large number of music NFT on the chain, as well as a large number of music royalty on the chain for payment and distribution.

Then we must also address the contradictions of the music industry.

2. Contradictions in Music Industry

2.1 The contradiction between the relatively centralized evaluation system and the decentralized production

In recent years, music production has become increasingly decentralized. Decentralization means that more and more good music is being produced not by clearly defined, professional, centralized organizations, such as major record labels or professional colleges, but by relatively untrained, independent musicians outside the established system. In recent years, the emergence of new musicians, such as Huazhou, Mao buyi, Chen Xuening, next door Lao Fan, Bao Gem, etc., were originally from the grassroots of non-professional centers. According to the report, only 16 percent of musicians studied through professional colleges.³



The occurrence of this phenomenon, on the one hand, because of the modern economy and the improvement of hardware technology, let more people have

³Netease Cloud Music "Chinese Musicians Survival Status Report (2020)"

conditions for composing, let the music production threshold is reduced, on the other hand is because music is essentially a kind of art creation, comes from life, from the inspiration, good original music creations are accidental and difficult. It is impossible to be massively produced by centralized points. As a result, music production, especially original music, is becoming increasingly decentralized, distributed and accidental.

However, in contrast to the trend toward decentralization of music production, music evaluation is still relatively centralized, controlled by large, specialized companies and a few people. On the one hand, this makes indie music harder to discover, because it lacks a link to the center. On the other hand, it leads to more distortion and does not conform to nature of the industry. Music as an art has no fixed, uniform criteria for evaluation, but should be determined by distributed judgments of the preferences of all the listeners. Music creation has strong cultural and emotional colors, and it is constantly changing with the changing trend of The Times. The public's preference for music has always been hard for all the centralized record companies to figure out and judge. In fact, many record companies are afraid to promote music because they can't judge the market for music.

The contradiction between the relatively centralized evaluation system and the decentralized production leads to the low efficiency of music discovery, which makes good music more difficult to be discovered and consumed in a timely manner, and makes bad music more likely to be spread, thus leading to the waste of communication resources and good music. This means that more talented musicians are not being heard and paid. Fewer high-quality music can be heard and enjoyed by fans. The solution is to create a more decentralized, community-based evaluation system. The crux of the problem is that, traditionally, decentralized communities have not been able to further decentralize because they have not been properly incentivized for their evaluation efforts. Therefore, we will introduce a low cost NFT incentive based on blockchain to make fan community user reviews more feasible. To enable

fans to benefit from proper evaluation and dissemination of music, this delayed incentive is accomplished through fan distribution by NFT. Music NFT stands for the right to broadcast and profit from the future of music, and fans can receive excess returns after the music's value has been proven.

2.2 Contradictions between transnational circulation of music and national management of copyright

The development of modern technology and culture has brought more convenient music transmission and more universal pop culture. More and more music with national characteristics is flowing across national boundaries. English music and pure music, in particular, are available all over the world. The spread of music has taken on a more transnational character. However, existing music rights are administered by national governments separately, and national regulatory bodies are not affiliated. Although international standards such as International Music Coding have been established, their effect is limited and the overall copyright management is still chaotic. As a result, on the one hand, it is difficult to trace the infringement across the country and the money that should be collected cannot be collected. On the other hand, if you want to pay the music royalties, you can't find out who should pay them. A large amount of royalties are backlog in some international copyright organizations and no one can claim them, which has also become a bizarre phenomenon.

Royalties that are not paid to authors are called "Black Box Royalties." By some estimates, the money has reached \$2.5 billion⁴. When will black box royalties occur? There are three reasons:

1. The difference between advance payment and actual payment between record companies and streaming media platforms;

⁴THE PAPER NEW<25%t of music royalties aren't allocated correctly, and 'metadata' is to blame>
URL:https://m.thepaper.cn/newsDetail_forward_4120241

2. The copyright fees that cannot be paid due to the different laws of different countries in transnational business;
3. Royalties that cannot be paid due to a metadata mismatch.

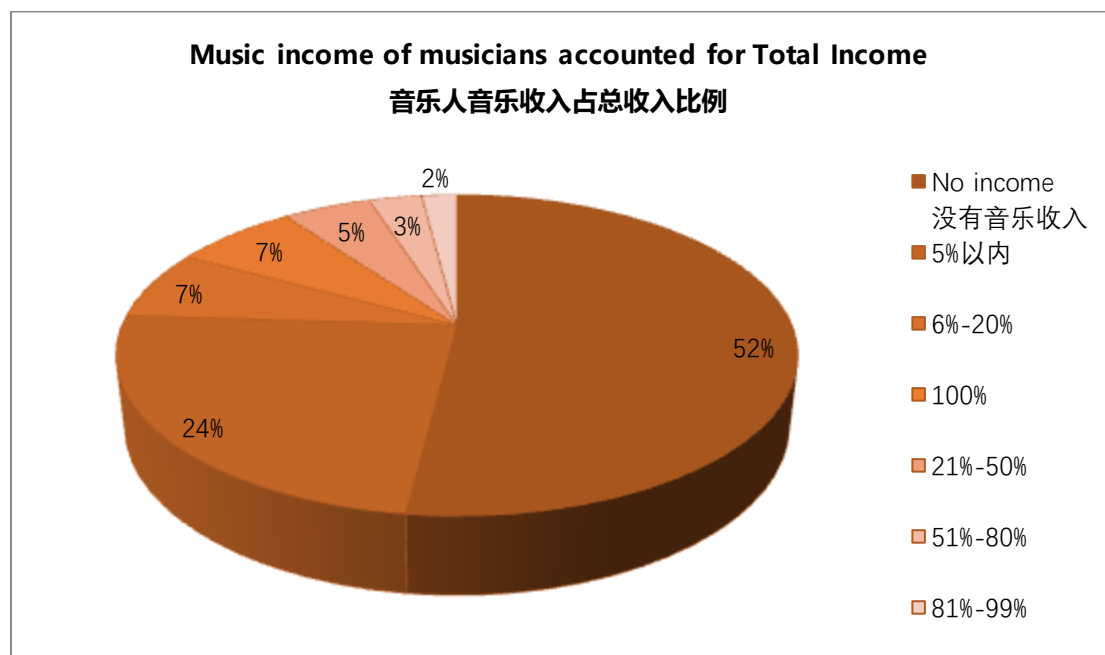
Metadata refers to the information related to the song seen on the music streaming media platform, including the song name, singer, lyric writer, composer, record company, distribution company and so on. Because there is no standardized metadata format, the risk of human input errors is high, and the data in the database may also be error-prone when moving. The record company's metadata may be inconsistent with the streaming media platform, and the streaming media platform may also be inconsistent with the copyright collective management organization.

We will use blockchain technology for copyright certification and plan to build a transparent and searchable universal copyright depository, which will allow unified metadata and NFT copyright query, automatic NFT royalty payment, authorization and transaction, so as to avoid the chaotic and inefficient situation of transnational copyright management.

2.3 Contradictions between the core role of musicians and the proportion of profit distribution subject to discrimination

Music copyright is created by the musicians and is the core of the whole industry. In the final competition of China's domestic music streaming media platforms, TME of Tencent with the most music Copyrights won, while Xiami Music with the least music Copyrights had to close down, which further explains this point. Music fans essentially choose to listen to the platform because of music content, and music content is the essential attraction of music platform traffic.

However, the contract income share of general musicians only accounts for 10%-15%⁵ of the total consumer spending, which not only fails to properly reflect the core contribution of musicians in the entire music industry, but also makes it impossible for many musicians to make a basic living by music, and also limits the creative motivation of musicians.



Source: Report of Chinese Musicians 2020 by Zhang Fengyan, Professor of School of Music and Recording Art, Communication University of China

Reasons for this contradiction of low musicians allocation proportion , the first is due to the traditional music production rely on record companies more, music record company deeply involved in the production process, the second is monopoly of platform, after control of user traffic, musicians generally lack of bargaining power, finally, traditional settlement process of royalties is long, intermediate agency, payment flow layers of scalping.

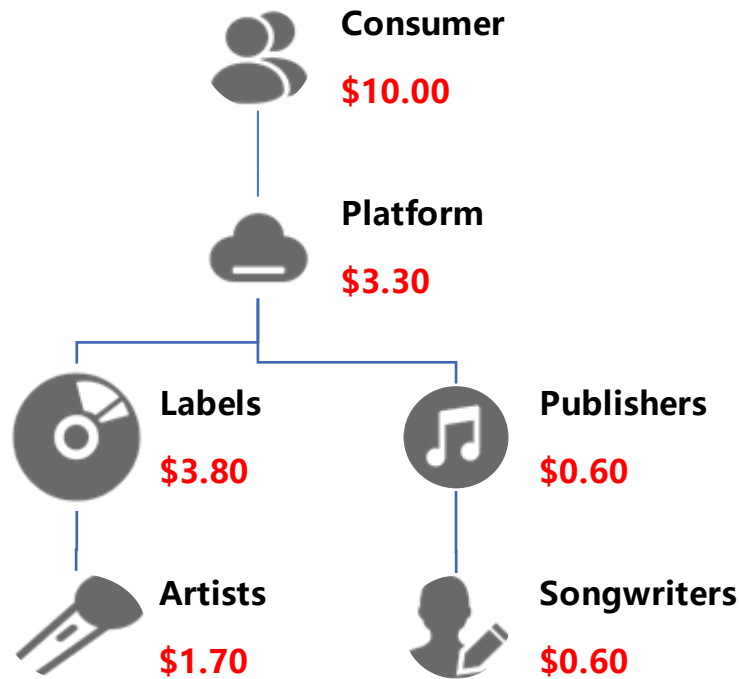
⁵ FMC staff 《Principles for Artist Compensation in New Business Models

Translated into Plain English》

URL:<http://www.futureofmusic.org/article/article/principles-artist-compensation-new-business-models-0>

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WHERE THE MONEY YOU SPEND ON STREAMING GOES...

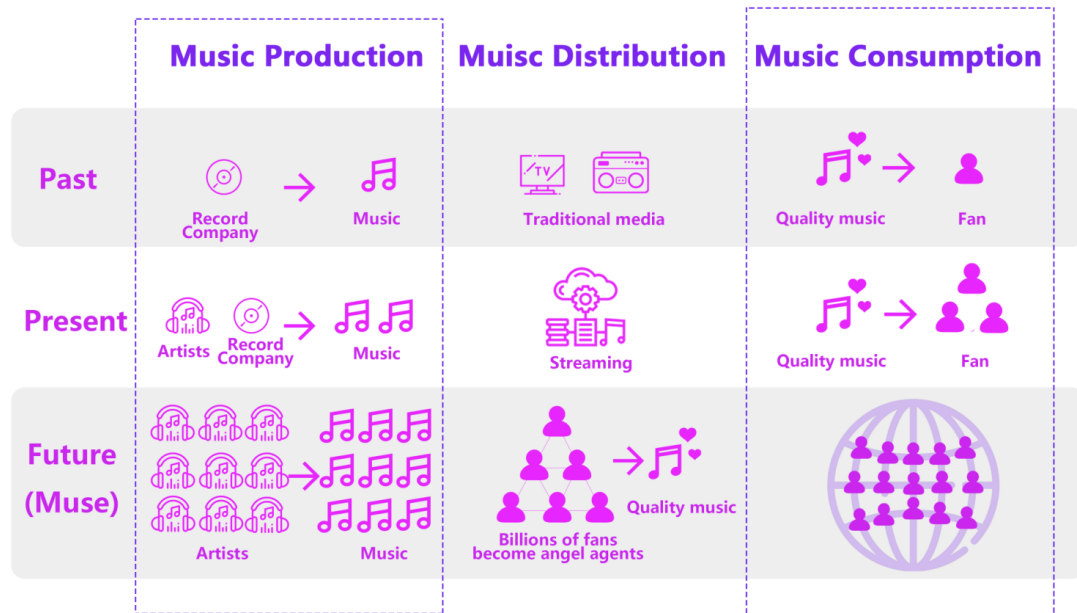


Source: GoldmanSachs:Music IN THE AIR

Muse Network will completely break the unreasonable distribution pattern in the past and make the distribution proportion of musicians exceed 90%. We will give musicians their rightful place in the new distribution structure, enabling them to produce and distribute their music independently. By directly taking the on-chain copyright NFT as the settlement target, the payment and settlement of royalties are carried out, bypassing the traditional agency, so that musicians and copyright users can trade directly. Payments no longer have a long monthly settlement process, but can be achieved on a daily or even hourly basis. Income distribution among all stakeholders will also be automated through trusted smart contracts to minimize agency costs.

2.4 Contradiction between inflated production end and still -narrow distribution channel

We think this contradiction has caused great value waste of music industry.



What's the value of music? For individuals, the answer might be to provide spiritual enjoyment and to create a certain atmosphere. If we extend this to the whole music industry, the maximization of music value is to provide the greater spiritual enjoyment to human beings. To realize the maximization of spiritual enjoyment, we believe the right path for the development of the music industry should be to allow the most people to enjoy the music they want at a high quality, anywhere, anytime.

The production, distribution and consumption of the music industry has been evolving continuously along with the new technologies. However, it can be found through analysis that a large amount of value has been wasted in the three aspects that follow below:

2.4.1 Music Consumption

For music consumption, in terms of the time and space in which music is enjoyed, customers needs for high-quality music, anytime and anywhere, is a problem that has long been solved by mobile phones and the Internet. Secondly, in terms of the variety of music, customers are eager to listen to more high quality music. This need has been met in large degree by the abundant music resources from digital music on the Internet and streaming music on mobile phones. And with the increase of network speeds, music can be streamed with extremely high sound quality on-demand. Through the analysis of the above two dimensions, it can be concluded that the value wasted is not obvious and there is very little to be improved in music consumption.

2.4.2 Music Production

However, there is more room for additional value to be utilized in the music production process. The targeted value of music production is to produce more high-quality musical works at a lower cost.

Firstly, to lower the cost, computer aided tools like AI have greatly reduced the cost of composition and performance, as well as lowered the threshold for music creation. Because of the relatively recent advent of the technology, these tools have yet to reach mainstream adoption. As a result, there' s enormous hidden potential for cost reduction of music production in the future.

Secondly, the quantity and quality of music production can be improved rapidly by various internet tools such as Behiders, HIFIVE, Changba and Kg. These kinds of music creation, recording and entertainment tools lower the threshold of music creation, which allow more people to engage in music creation and produce more musical works. These new entrants may not have expertise in music creation, however, they will add more inspiration based on

their life experience through the creative process, which can lead to a more prosperous music creation market and higher quality of musical works.

It can be seen that there is huge room for creating additional value in the music production process. And when this new value is fully discovered and utilized in the future, one will notice that the traditional music distribution system will no longer be good enough for it.

2.4.3 Music Distribution

Music distribution systems connect the production and the consumption of music, thus completing the closed loop of value in the music industry. Its goal is to transport music from the production to the consumption end as cheaply and efficiently as possible. Traditional modes of music distribution (the centralized distribution mode) is highly reliant on major record companies to discover potential talents, to do the packaging, and to promote the talent to reach the market. However, major record companies are hindered by the cost and time involved, and can only produce and sell a small amount of music relative to the amount produced. As a result, much high-quality music still remains undiscovered. What's more, music that can be generally accepted by the public as a whole and become popular is very limited, so the traditional (centralized) distribution mode is more suitable for star-based music production, while much good music can only stay unknown.

It can be extrapolated from the above analysis that there are contradictions and inefficiencies among the maturing and stabilizing consumption end, the explosive production end and the narrow and centralized distribution channels. The restricted distribution channel leads to a large amount of waste of music value.

According to estimates, there are around 97 million songs in the world, but only a very small can be heard by each member of the public. Most people can only listen to a few thousand of songs in their lifetime⁶, while a large amount of music are buried due to the restricted modes of music distribution. And because of this, only a handful of musicians can rely solely on their profession to make a living, while many other potential talents are eliminated due to the funnel effect, which leads to fewer people engaging and eventually a shrinking music industry. The centralized distribution mode, therefore, results in the narrow channel between the production end and the consumption end, which leads to huge waste of value in the music industry.

Muse Network will incentivize music discovery and distribution via musician' s fans social networks by copyright NFT, allowing early fans benefit from future copyright income. This would enable large brand-new social distribution channel for early stage musicians, allowing them gain income and traffic quicker.

2.5 The contradiction between copyright quantity increase and copyright authentication fussy

As described above, music production has increased tremendously, and more people are able to produce music. However, mainstream music certification still is done by centralized, slow and expensive traditionally way with much paperwork. Usually it take weeks and hundreds of RMB to finish. This makes most musicians are reluctant to certify their music, and subsequently lead more difficulties resolving dispute when copyright infringement happens.

Muse Network provide copyright certification service, allowing musician to finish their music certification within minutes at low or no cost at all. And,

⁶ 97 Million and Counting[R/OL].(2011-10-08)[2019-06-10].

URL:<http://www.marsbands.com/2011/10/97-million-and-counting/>

Muse Network's certification is connected with government authorities node, it is also recognized by law.

3. Our Solutions on Muse Network

3.1 Technical Scheme

Since Ethereum is over crowded and its gas price keeps at an unacceptable level for non-financial applications, MUSE has to find a new form beside Ethereum smart contract. Essentially, there are 3 choices left: 1. smart contracts on a new generation blockchains such as BSC, Near, Solana, Avalanche etc. 2. Ethereum layer2, such as Plasma, OP and ZK roll-up;3. Application specific blockchain, aka appchain; MUSE chose the 3rd, because appchain architecture ensures the lowest transaction cost and the best user experience in the long run, which are the most critical factors to determine our success. Frameworks such as Substrate and Cosmos SDK have dramatically reduced the complexity and cost of appchain development. Among these two, MUSE chose Substrate since it is more powerful and popular, and the Polkadot ecosystem is far more flourishing than Cosmos', especially in China. And we will bridge copyright assets between the two ecosystem by cross-chain, make the most of both of them.

The first beta version, which based on COSMOS SDK, has finished. It allows cross-chain transactions and NFT issuance. Our second beta, which based on POLKDOT Substrate, according the degree of maturity of substrate, will be online at the end of 2021.

Decentralized streaming is enabled on Muse Network. The system will be consist of Storage node, Discovery node and Ledger node, anyone can join and exit freely to foster its robustness. All node will be properly incentivized by the blockchain from network rewards and customer payments. Storage

node utilize decentralized storage protocols(IPFS, Solana, etc) to host music content. Discovery nodes index content for users. And ledger nodes keep all the transactions and metadata.

The blockchain allows decentralized governance by token voting, while maintain moderate regulatory compliance.

3.2 Ecosystem of Music NFT on Muse Network

We believe that a reasonable ecosystem must have the structural integrity of a closed loop business, where value creation and value realization are completed in the same ecology by users.

Muse Network NFT ecology is composed of five parts: the public chain (Muse Network), BApp (Muse PLAY), NFT exchange (Muse Market), centralized copyright management system (Muse Copyright), and decentralized community (Muse Community).

To be specific, the public chain is the foundation of trust for whole Muse ecology, and the BApp is the portal for users to import their creativity. The exchange is how value realization is exported and the source of ecological vitality. The copyright management system compensates the core efficiency of the whole decentralized system. And the community makes it easier for the whole ecology to obtain and retain users.

It is a logic expression of 5 parts, it does not mean we are going to have exactly separated projects with its name. The ecosystem can be created by self-host, co-host, or leveraging existing infrastructure flexibly.

 **Muse Network**

Muse blockchain is the ground, it applies COSMOS SDK and POLKADOT Substrate, to ensure its capability in terms of TPS, cross-chain, security and NFT issuance. It issues MUSE token with total supply of 1 billion.

 **Muse Play**

A rich and robust environment for BApp growth will be nourished by NFT, the cross-chain and Turing-complete smart contract functionality of the Muse Network public chain and funds from the Muse Network Foundation. Muse Play, will provide a killer App experience to provide concise music copyright storage service, is the core BApp application and the most valuable part of the whole ecology. Users of Muse Record need only upload their original works from various entry points like WeChat programs, iOS, Android and other platforms and pay a small amount of gas to complete their certification. At the same time, Muse PLAY also opens its core functions such as SDK white card service, which can be embedded by both upstream and downstream participants in the music industry. Streaming service will gradually be hosted on decentralized storage network. A prototype of MUSE PLAY, PENGYIN, now is in its open test period.

 **Muse Market**

A large number of music enthusiasts registered on Muse PLAY will serve as the user base for the exchange. Due to large amount of music NFT assets generated from Muse Network and abundant NFT asset selection issue. OTC will become the main business form of Muse Market. Now, there is already regulated exchange, a third party partner, plan to support us. Any proper exchange could become MUSE MARKET.



Muse Copyright

Muse Copyright is a centralized copyright management system as well as an independent legal entity, it helps NFT holders manage their music. One of its core role is to ensure all the copyright cashflow, as long as its fits into the current market framework, can be collected and send back to blockchain its NFT holders on blockchain so the NFT has a solid value base. It is also similar to traditional record companies that provide a series of auxiliary services for musicians and copyright owners, including copyright administration, rights protection, artist packaging, publicity, distribution of copyright royalties and other. Muse Copyright will be an important part of the closed loop of the new music industry.

Now, we are already partnering with TME, the largest music streaming company in the world, to collect copyright royalties



Muse Toolkit

Muse Toolkit is an AI-aided music composition tool powered by a series of technologies including AI, big data and Internet. Its main functions include AI-aided composition, matchmaking of the songwriting authors, and music inspiration community, etc. It will help more people to co-create, and record their share of copyright onto blockchain, make blockchain and NFT a default setting for music creation.



Muse Community

New blockchain identities will be added into Muse Community construction and development, and community building will be a continuous process throughout the development of the whole project.

It should be noted that the whole ecology is open and free, and Muse Network Foundation will support the community to carry out healthy ecological construction within and outside the above framework. The Foundation will be an ecological guide and co-creator that works with the community to govern the ecology.

4. Token Economics

Compared to various token economic models, Muse Network has decided to adopt the Gas model, a basic token model which has proven to be very concise and effective, rather than complicated but failed ones.

4.1 Muse Token

Muse, as a native token of Muse Network and the only GAS in the whole ecology, will be used or consumed for the following purposes:

1. As the transaction fee;
2. As smart contracts creation fee on Muse Network;
3. As part of interest on MUSE PLAY
4. As part of interest on MUSE MARKET
5. As the basic interest paid by common nodes and POS rewards of super node on the public chain;
6. As copyright revenue settlement of Muse Network and Muse Copyright;
7. As tipping, reward, purchase, crowd funding payment in Muse ecosystem;
8. Intentionally destroyed via burning;
9. Unexpected loss of private key.
10. As transaction charges with other contract tokens on Muse Network;
11. Blockchain decentralized governance voting

The production of Muse comes from the following:

1. Initial supply in genesis block;
2. Natural additional issue through POS rewards.

4.2 COPYRIGHT NFT

The contract tokens of music copyright will have enormous in variety both FT or NFT, and will be used or consumed for the following purposes:

1. Proof of copyright;
2. Copyright owners buying back tokens for destruction;
3. Unexpected loss of private key.

The production of Copyright Token comes from:

1. Issuance from the genesis copyright contract.

Types of Copyright NFTs

1. Single Copyright
2. Multiple Rights to play
3. Mixed of 1 and 2

Features of NFT contracts

1. Onchain trading
2. Onchain perpetual revenue share
3. Authorized play linking to online source
4. Accepting and distributing royalties
5. Conditional play rights authorization
6. Onchain collateral loan

4.3 BUSINESS MODEL BASED ON MUSE ECOLOGY

Angel Agents

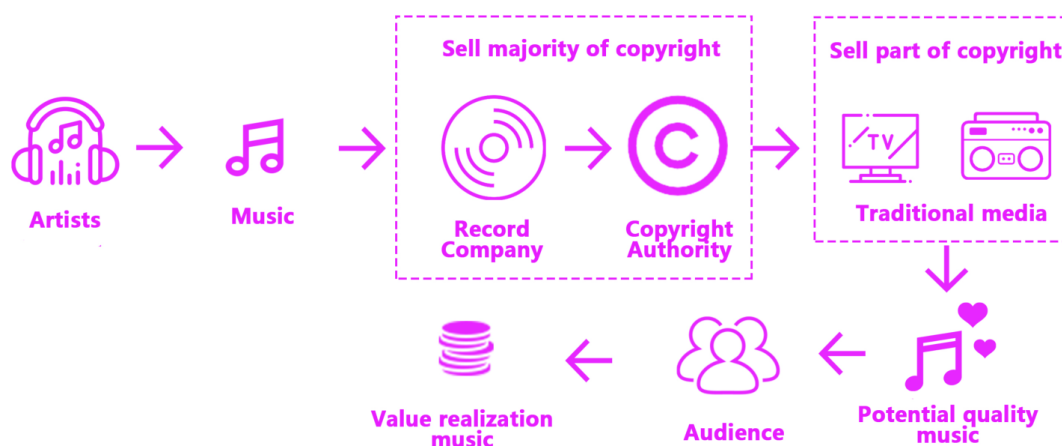
Angel agents refer to those who invest in or promote music which they believe have potential in the early stages of music distribution. In general, they are experienced music lovers who have many social resources.

Music Makers

Music Makers are talented individuals early on their journey in the music industry who are willing to allow angel agents to promote their original music.

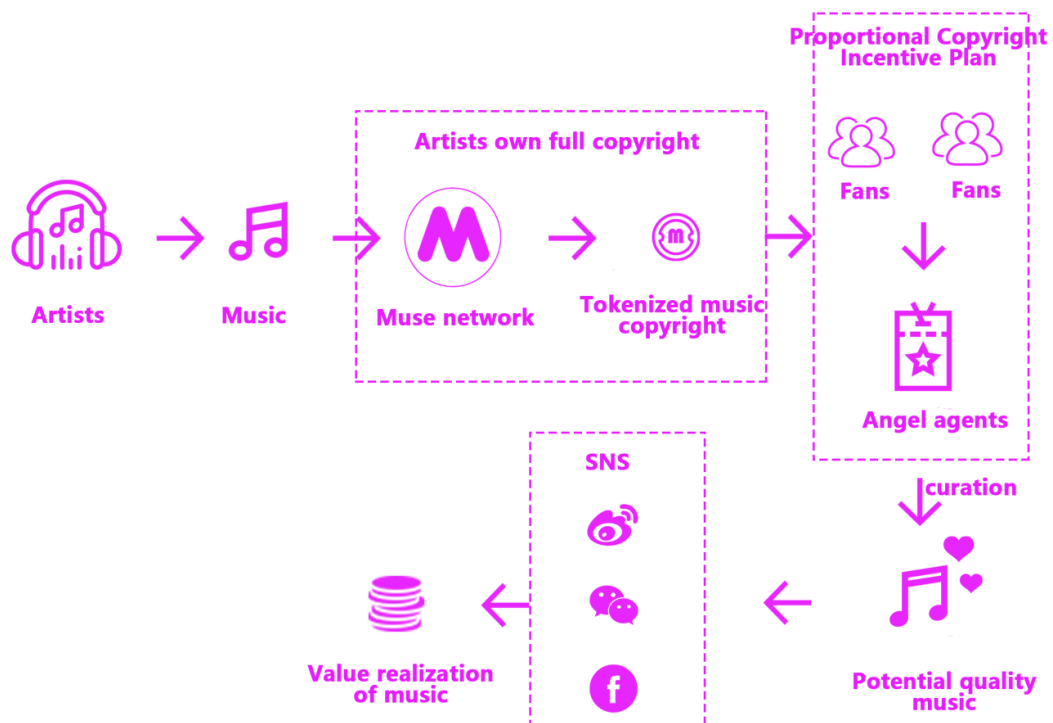
The Traditional Music Distribution Model

1. Musicians create music;
2. Music and musicians are discovered by record companies;
3. Record companies sign the musicians;
4. Record companies register music copyright in copyright administrations;
5. Record companies promote music through radio, television and other forms of centralized media;
6. Music is heard by a large audience and becomes popular;
7. Music gets distributed and copyright revenue returns value.



Interpersonal Music Distribution Network of Muse Network

1. Musicians create music;
2. Musicians register music on Muse Network public chain and issue Copyright Tokens FT or NFT,
3. Musicians choose their angel agents from their core fans group;
4. Angel agents select a batch of potential musical works from musicians' early music library (steps 3 and 4 are mutual selection process);
5. Musicians share copyright tokens with angel agents and make social promotion plans together with angel agents;
6. Angel agents spread the chosen music works through Weibo, WeChat, Facebook and other SNS;
7. Music gets traffic and recognition from market through social fission;
8. Music gets distributed and copyright revenue returns value



4.4 Logic of Muse Token value appreciation

1. Royalty cash flow injection
2. More musician' s hold
3. Musicians brings more fans hold(large number)
4. Profit from MUSE MARKET
5. Demand increase from other transactions

4.5 Token community distribution algorithm

Reasonable distribution of copyright tokens, which can match token incentives with contributions, is the foundation of the entire economic system. We have designed a set of token incentive allocation algorithm. The general rules are as follows:

1. Priority of Timing: Earlier you find the music, more music NFT are allocated.
2. Priority of commitment: More Muse token is collateralized, more music NFT are allocated.
3. Priority of Contribution: More internet traffic is brought, more music NFT are allocated.
4. Priority of Cost: Higher the cost of music purchased, more music NFTs are allocated.
5. Priority of uplink: More tokens are earned by downlinks, more music NFTs are allocated.

5. Summary

The tide of asset on blockchain starts from NFT. We believe it will bring mass adoption of blockchain, and music is the best NFT asset, Because of music fans' high social penetration, large existing royalty cashflow. NFT will empower music industry transform to the next stage, where income distribution are healthier, musicians have bigger pie, music production and distribution are also more efficient with less value wasted.

We propose a wholistic solution, which follows the tread of NFT onchain, and music industry transformation, letting talent musician gain reasonable income, letting every person owns a piece of NFT, and eventually having a most adopted blockchain worldwide.

MuseNetwork Foundation .LTD ("Muse Network") believes: during the development, maintenance and operation of Muse Network, there are various inevitable risks, among which lots of them are beyond the control of Muse Network. Everyone engaged in MUSE (Muse Network) token transactions shall read, understand and consider the below risks carefully, and decide whether to engage in the transactions of tokens seriously. You should assess these risks and your ability to withstand them prior to investing.

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This whitepaper does not constitute advice nor a recommendation by Muse Network, its officers, directors, manager, employees, agents, advisors, or consultants, or any other person to any recipient of this paper on the merits of participation in the Muse Token Sale.

MUSE Tokens are not being structured or sold as securities. MUSE Tokens are not a participation in Muse Network and MUSE Tokens hold no rights in Muse Network. No promises of future performance or value are or will be made with respect to MUSE Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that MUSE Tokens will hold any particular value.

Market prices of encrypted currencies usually fluctuate drastically, which is possibly caused by market powers, regulating policies changes, technology innovation, accessibility of exchange platform and other objective matters, which also reflects the change of supply and demand balance. Participation in the MUSE Token Sale carries substantial risk that could lead to a loss of all or a substantial portion of funds used to purchase the MUSE Token.

Encrypted tokens may be subject to the supervision of one or more jurisdictions today or in the future. Muse may receive inquiries, notifications, warnings, requests, or administrative sanctions from one or more authorities at any time. Because jurisdictions may enact or amend laws regulating crypto-tokens, and the competent authority may change or adopt more stringent standards or regulatory measures at any time, the future development of Muse tokens is highly uncertain and subject to serious obstacles. In fact, Muse tokens may even be terminated.

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