



FUTURE PROOF

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Team xCrypt Q3 2018



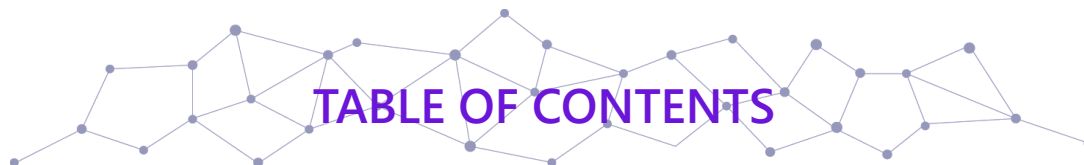


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1. ABSTRACT

New discoveries have always scared mankind: the fear of flying, the fear of looking at the future, the fear of technology. Recent statistics show that the use of Blockchain technology concerns very few people amongst the world's population, there is a general feeling of mistrust towards it.

Contrary to this tendency, **xCrypt** created its project based on its distinctive characteristic:

Xenomania, from the greek an extreme passion for foreign entities, the new ones, which are yet to reach most of the people.

xCrypt is the first innovative crypto ecosystem with its heart in ist exchange: hybrid, compliant with the securities and attentive to the erc721's future, designed to be simple, comfortable and innovative.

We believe that, in the near future, many changes in the cryptocurrencies field will occur, as well as in the trading field and in how this world is conceived. This is the reason why, after carefully developing its concept, since its host country allows it, **xCrypt** decided that its priorities are those of listing security tokens, having an appropriate and strategic marketplace for the erc721 and carrying out innovative dynamics in the relationships with the ICO. These decisions were taken so that **xCrypt** can reward its community with a zero fee exchange, relating it to the other members through the social media platform and monthly compensating its holders via airdrop through a ranking system.

XCT token is the one that allows to benefit from the **xCrypt** ecosystem's services and it rewards its exchange users and holders following an innovative method through important airdrops.

Blockchain technology has changed the world of investment forever, and for the better: ICOs have proven to be secure and successful means of financing companies and projects. By purchasing a membership to the **xCrypt** platform, members will benefit from exclusive services; the membership is split into multiple tiers, depending on the amount of XCT (XCT's ERC-20 access token) purchased.



2 · MARKET INTRODUCTION

The present exchange's market is, in our opinion, too small, but xCrypt wants to exploit it to the maximum. An exchange, traditionally, lists several cryptocurrencies and ERC20 altcoins, not catching every occasion the market has to offer. Cryptocurrencies and Altcoins are currently capitalized around 300 billion dollars of value, but it's when we look at the next scenarios market that we're left astounded. xCrypt looks at the future and decided to build a Future proof platform, ready to catch the market's developments. Here are the added values and the differences between xCrypt and a traditional exchange.

	TRADITIONAL EXCHANGE	XCRYPT ECOSYSTEM
Security	CCSS standard	CCSS standard
Hybrid	✗	✓
Currencies	✓	✓
Altcoins	✓	✓
Erc 20	✓	✓
Fees	✓	✗
Erc 721	✗	✓
Securities	✗	✓
Debit Card	✗	✓
Membership	✗	✓
Social Media	✗	✓
Airdrop Ranking System	✗	✓



3 · THE CURRENT EXCHANGE OVERVIEW

- 1 - liquidity
- 2 - certainty an centralised nature
- 3 - CEX or DEX?
- 4 - too little action to make a user loyal
- 5 - Clearing and settlement

1 - Liquidity

Like all rising markets, there is a lack of liquidity in crypto markets, which makes it difficult for them to be presented at the right price. Overall liquidity has been boosted by the growth in the exchange use, but such an increase in trades is yet to have the ultimately desired effect. In Bitcoin markets, for example, this lack of liquidity is compounded by the fact that many BTC holders are sitting tight as the value rises and are unwilling to put their Bitcoins back on the market. Those holding crypto and waiting for their assets to reach a certain profit level subsequently flood the market, which accounts for the volatility and massive price swings that we see on crypto markets. Moreover, the lack of liquidity carries two main problems for crypto exchange users, namely: large spreads on the thin markets due to the low number of bids for the assets, in addition to demand and supply inefficiencies. Secondly, the large price swings on these thin markets means price slippage occurs, with trades not executed at the price proposed.

2 - Certainty and Centralised nature

As mentioned above, crypto exchanges constitute a single point of failure and so are a target for hackers. Mt. Gox, the world's leading exchange of its time, is the most publicised and largest hack to date, with unrecovered Bitcoins totalling 650,000. Mt. Gox later filed for bankruptcy.

Another notable hack occurred at one of the world's most popular exchanges, Bitfinex. In the second largest crypto hack witnessed, 120,000 BTC was stolen.

Because blockchain data inputted is immutable, it is more susceptible to theft by hacks. This immutable nature means all transactions are final, with complainants may as well taking their grievances to the Flying Spaghetti Monster to be resolved. In addition to there being no legal recourse for stolen or lost funds, technologically, crypto assets cannot be recovered or frozen without forking to reject the transactions, something that needs consensus.



3 - CEX/DEX

In today's world, those looking to participate in the cryptocurrency boom can turn to centralized exchanges (CEX) and, more recently, decentralized exchanges (DEX). The problem? Neither of these provide full functionality that allows individuals and institutions to participate in the market efficiently.

CEX - Speed & Liquidity with Digital Vulnerability

Centralized exchanges have long been the standard in the real world, away from coins, tokens and distributed ledgers. Those like NASDAQ, NYSE, and others, allow the trading of stocks and similar assets and have provided low latency (quick processing of orders), liquidity, and tools like margin, and high-frequency, trading. This attracted significant participation from individual and institutional investors, the latter contributing to even more liquidity.

In the crypto world, however, CEX is a bit of a dirty word. This is because all the buy and sell orders are routed to a third party, and often requires users to place their private keys in the hands of the exchange. These third parties are vulnerable to government influence and hacking attacks.

Two of the largest exchanges in China, for example, froze all Bitcoin withdrawals for a month after China's central bank attempted to intervene. Others have forced exchanges to collect data on their users causing concerns for the privacy that cryptocurrency users cherish. CEX concentrate large amounts of cryptocurrency, which makes them attractive and vulnerable to hacking attacks. These attacks have already costed users millions of dollars in digital assets; notably the attacks on Mt. Gox, Bitfinex, and Coincheck, among the others.

DEX - The Spirit of Crypto at a Cost

Many think the solution to these troubles lies in the other end of the spectrum, that is to say Decentralized Exchanges, which allow users to keep much of the privacy by retaining absolute control of their private keys. Since they mostly rely on software, it is difficult to subject them to the kind of government regulation that requires CEX to collect information on their users. Additionally, since DEXs do not hold their users' assets, they are not as vulnerable to hacking, providing more security than their CEX counterparts. However, DEXs do not hold currency nor do they have a central ledger containing all buy and sell orders. This prevents them from offering the instruments, latency, or liquidity that would motivate institutional investors to enter the market.

Clearing and settlement

Another issue with crypto exchanges is how transactions are cleared and settled via



their platforms. As cryptocurrencies exist within an unregulated space, clearing and settlement cannot occur through traditional, regulated channels, making clearing and settlement risks abnormally high.

Moreover, exchanges aren't willing to act as anything other than a third party that only arranges trades between buyers and sellers. This means that they are not a direct counterparty to every transaction that takes place and so are not bearing much responsibility for what takes place on their platforms. However, it must be said that they do act as a counterparty where they can correctly make margin calls in time to recoup funds from the wrong sides of contracts.

5 - Loyalty issue and little added value in the current market

Making a user loyal must be the exchange's first goal to reach, in such a complex market, with so many players. The users are too often obtained based on the competitiveness in bringing the fees down to zero. The market and economy laws though teach us that a client acquisition can't be based on price, since it would bring the economy to a perfect situation in a medium period of time, while the profits would be none on the long run. We believe that there's no exchange which is attractive for its added values, besides the fees price and the liquidities: their success is a thin line, that would be broken by its users whenever a better competitor would show up.

6 - Difficulties of Real-time Trading






Due to rate-limited trading APIs, non-real-time transaction confirmation, and delayed order book updates, traders are unable to trade in real-time.



4 · THE ADDED VALUE OF MARKET LEADERS

We wanted to analyze in dept the features offered by Binance, the number one exchange worldwide, why the users choose it and the reasons behind its fame.

Top Cryptocurrency Exchanges By Trade Volume

1	 Binance	€973.674.326
2	 OKEx	€941.866.918
3	 Huobi	€688.430.199
4	 Bitfinex	€424.031.021
5	 ZB.COM	€242.940.755

Advantages of Binance:

1 - Huge list of alt-coins.

One of the main reasons that why Binance exchange is that popular is because they list so many different cryptocurrencies.

2 - There are now more than 1500 individual cryptocurrencies.

3 - There are more than 100 different cryptocurrencies available at Binance.

4 - Low fees

Another excellent feature of the exchange is that when trading crypto-to-crypto, Binance fees are one of the lowest in the industry.

Deposits are always free, but withdrawals do cost money. However, most exchanges operate in the same way. Withdrawal fees are different for each cryptocurrency, and change depending on their value.

5 - ICO launch pad

Binance is well known for listing new cryptocurrencies as their ICO is finished. This shows that many crypto companies view Binance as their favorite exchange. Binance doesn't just list any old cryptocurrency though, it has to really prove itself as a solid cryptocurrency for Binance to list it.

6 - Security

Binance takes security very seriously, and customers are asked to set up a two-factor authentication (2FA) when they register an account. 2FA is an extra level of security that sends a special code to your mobile phone every time you want to log in, trade or withdraw funds.

If you are still wondering "Is Binance safe?", the website also uses the CryptoCurrency Security Standard (CCSS) to protect accounts, which is an industry standard for major exchanges.

7 - High Volume Trading

As Binance has become one of the most popular exchanges on which buying, trade and selling cryptocurrencies, there are lots of trades happening all the time. This is an important factor as it means you have a better chance of selling your cryptocurrency immediately, if and when you need to.

For example, if you wanted to buy a cryptocurrency, but it has a low trading volume, then it's harder to buy, because there aren't that many sellers. However, if lots of people are looking to sell that coin, it will be easy to buy.

Summing up, the users choose Binance because they think it's convenient due to its low fees, its wide range of altcoin and cryptocurrencies and its sort of point-based game.

We believe this advantage is weak, whenever a stronger competitor would join the market: Binance would lose its users community and a migration toward the new player would take place.



5 · XCRYPT ECOSYSTEM

XCRYPT is the first crypto ecosystem with an high added value with the heart in its exchange: hybrid, ready for securities and for a marketplace made for the ERC721. We created this end to end system which includes a debit card and a social platform for our users to interact and create a strong community.

This ecosystem is made to be at the same level as the world's big players, and even surpass them, for we are already suitable in this field's future. The differences between xCrypt and its competitors are several and are going to be explained below, in a user friendly graphic. We are convinced that our end to end ecosystem could attire small, medium and large investors.

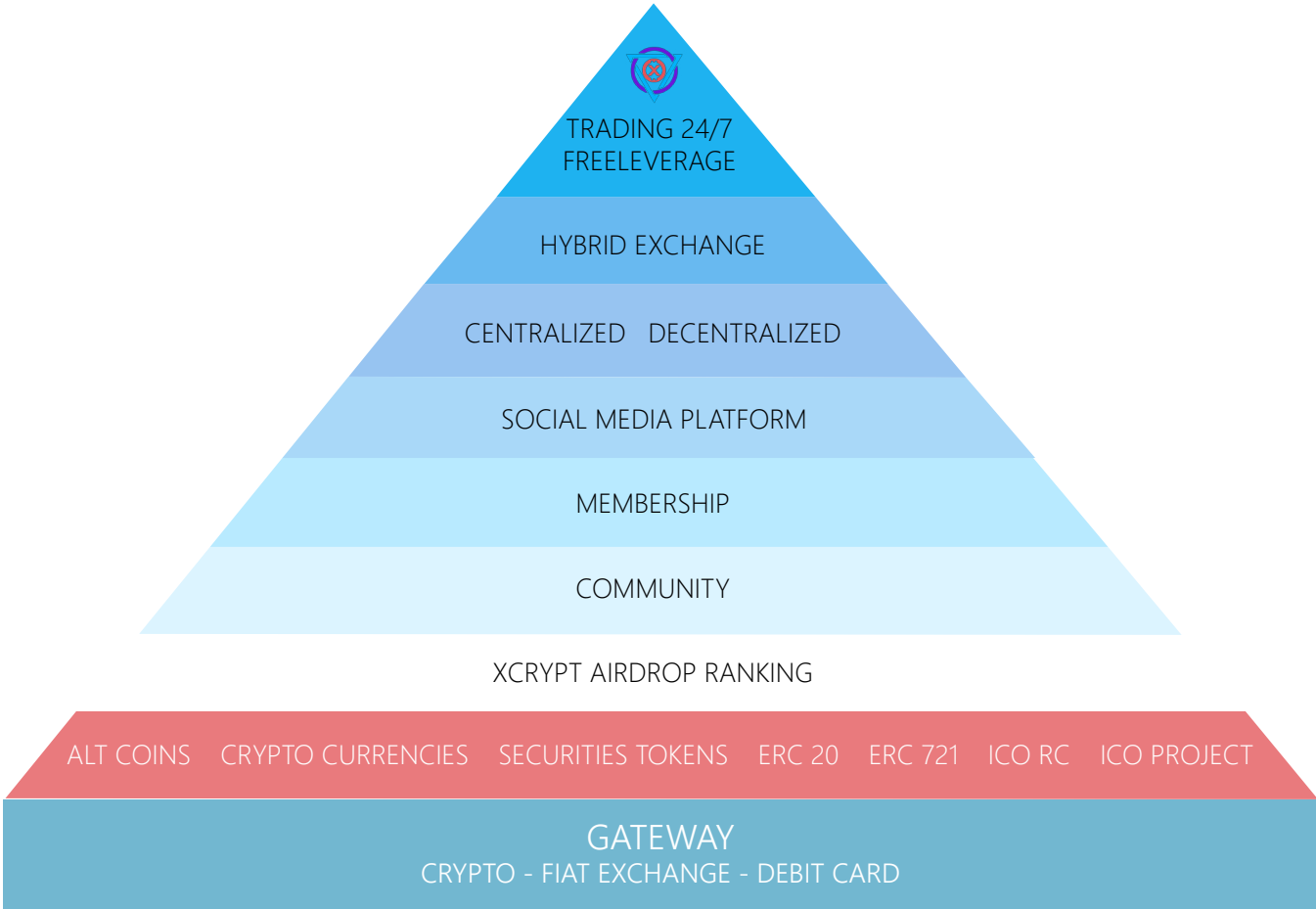
-Loren xCrypt's CEO



XCrypt Ecosystem will develop two Exchange Platforms:

- Centralized Exchange Platform**
- Decentralized Exchange Platform**

We all know that unless we're different from our competitor, we can never expect to be in the top of the market. We also know unless we show customers what makes us different, there is little reason for them to believe in our product.



With more and more competitors, constant improvements and technological changes, it is now very difficult to stand out. To do so, we must first focus on our strengths and build on the xCrypt ecosystem to take over new markets and reach a bigger target!

Today, we decided to play along and give you our greatest qualities, how we stand out from our competitors and why you should choose xCrypt.

We strive to offer an industry-leading trading experience, tutorials and platform that allow you to trade like a professional trader. Learn software, creative, and business skills to achieve your personal and professional goals and trade like a pro in a very secure environment.

All these different aspects of securing the business environment are connected to the current focus on trading facilitation, the implementation of zero fees transaction.

In order to achieve zero fee transactions, we want to implement a marketing strategy that will benefit both our investors and our traders, apart from profit opportunities for the trading our users will benefit from our affiliate reward system each user you refer to our platform can bring you a extra passive profit.

xCrypt is a trading platform designed to exchange and trade the coins in a peer-to-peer environment. The xCrypt token can also be bought and sold with both fiat currencies and alternative cryptocurrencies. As an addition to this, the price of the coin will be determined by the different market forces and cryptocurrency exchange systems. The price of the coin does not have a maximum level, meaning that it can increase to remarkable values.

xCrypt token does have a finite number of tokens, limited to 200,000,000 tokens.

xCrypt Exchange Platform will support all top 100 cryptocurrencies and many fiat currencies. The cryptocurrencies will be carefully selected based on currency liquidity and demand to ensure that all the cryptos on xCrypt. Finance are highly active and valuable to users of the wallet. In the future, based on market needs, we could expand the number of currencies the wallet supports.

xCrypt Exchange will redefine crypto trading. Might sound too ambitious but this is the only reason we decided to introduce a new crypto exchange to a market which is flooded by malfunctioning exchange platforms that are lagging the evolution of crypto trading. Our exchange will provide a much better and user-friendly interface with advanced graphs .A much faster service which will never delay orders or withdrawals . A much stronger engine which can handle existing and future market demand without faltering.



Cutting-edge technology platform, efficient matching algorithm and architecture for trading across spot, futures market and more. The platform is scalable, resilient, fault-tolerant, and highly secure.

The xCrypt Platform will enable users to easily manage all their wallets and passwords by implementing a user-friendly and secure global address book, thereby providing ease of use to users. Further, the xCrypt Platform will provide end-to-end automation for trades and provide essential information regarding the mobility of cryptocurrencies.

What makes our trading platform stand out?

FULLY COMPLIANT TRADING OPERATIONS

CENTRALIZED & DECENTRALIZED EXCHANGE PLATFORM

WITHDRAW FIAT FROM CRYPTOCURRENCIES

STORE FIAT AND CRYPTOCURRENCIES

MEMBERSHIPS

AIRDROP RANKING SYSTEM

ERC 20

ERC 721

ZERO FEES

SECURITIES TOKEN

CUSTOM BUILT BOT TRADING

DEPENDABLE DIGITAL WALLETS

100% ENCRYPTED PLATFORM

MULTI LANGUAGE PLATFORM

FAST DEPOSITS AND WITHDRAWALS

EXCHANGE FIAT AND CRYPTOCURRENCIES

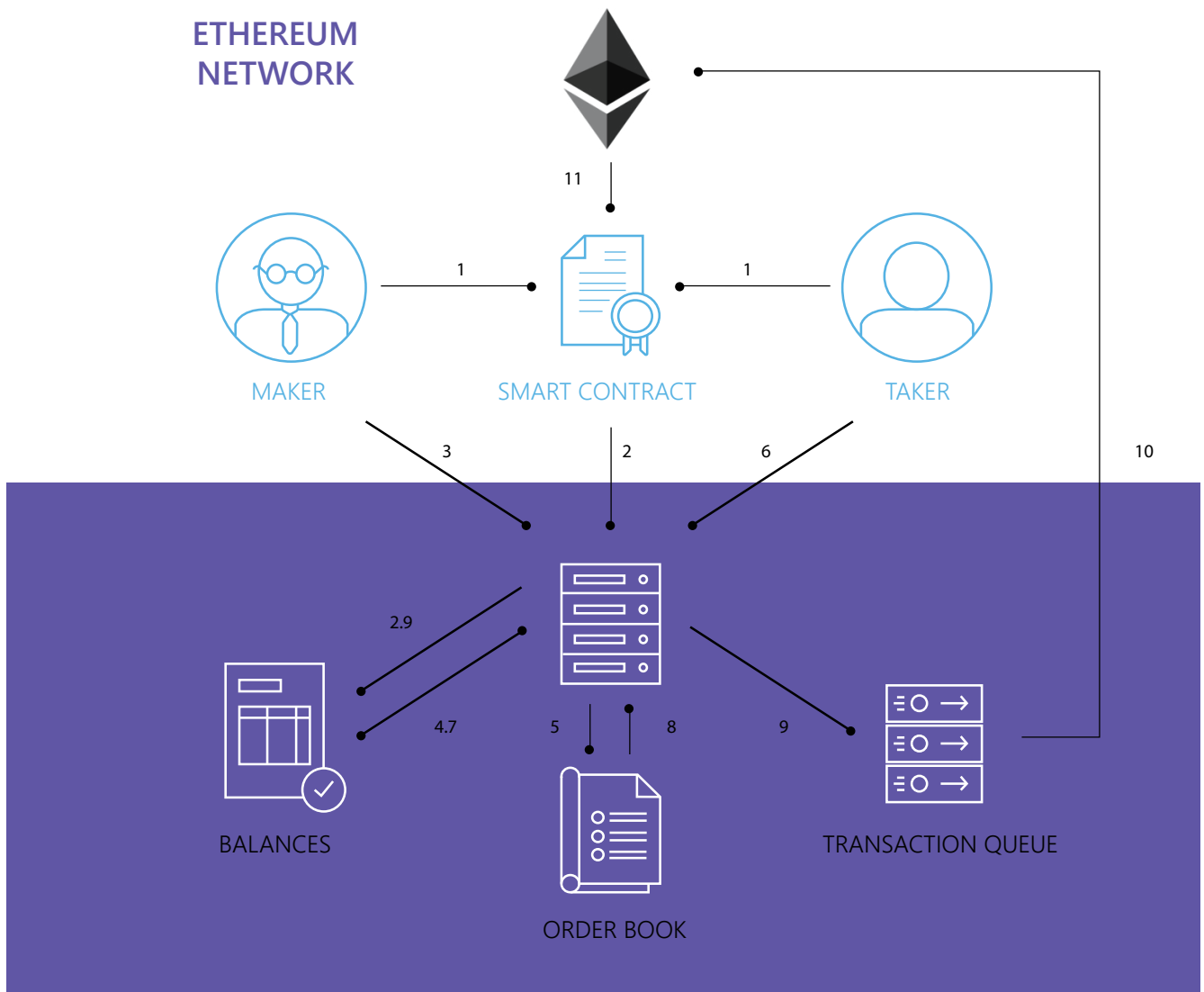
MAKE PAYMENTS WITH FIAT AND CRYPTOCURRENCIES

PROVIDING TUTORIALS AND WEBINARS FROM EXPERT TRADERS

USER FRIENDLY WEBSITE INTERFACE AND MOBILE APP

5.1 · XCRYPT HYBRID EXCHANGE

XCrypt is a hybrid, semi-decentralized exchange that provides a trustless, real-time, high-throughput trading experience in conjunction with a blockchain based settlement. By centrally managing trade matching and Ethereum transaction dispatch, xCrypt enables the users to trade continuously without waiting for transactions to mine, fill multiple orders at once, and cancel orders immediately without gas costs.



- 1 - The maker and taker deposit their tokens into the xCrypt contract.
- 2 - The xCrypt database is updated to include the customer addresses and token balances.
- 3 - Maker creates and submits a signed order that includes the relevant trade data.
- 4 - xCrypt confirms that the maker's account has sufficient funds and that the signed transaction matches what was submitted to xCrypt.
- 5 - If all checks in part 4 pass, the order is added to the orderbook.
- 6 - The taker submits a matching order, signing a transaction with the same price as the target order and an amount less than or equal to it.
- 7 - xCrypt confirms that the maker's account has sufficient funds and that the signed transaction matches what was submitted to xCrypt.
- 8 - If all checks in part 7 pass, the trade is marked as matched and the orderbook is updated.
- 9 - The xCrypt database is updated to reflect the new balances, and both traders can continue to make new trades based these updates. Simultaneously, the signed order is added to the queue to be broadcast to the Ethereum network for processing.
- 10 - After all dependent trades have mined, the transaction is dispatched to the blockchain.
- 11 - The transaction is mined and the contract balances update to reflect the trade.

5.2 · SECURITY

1 - ENCRYPTED KEYS:

All private keys for our wallets are encrypted with AES-256 and are stored offline.

2 - SECURE STORAGE:

99.5% of our users' funds are kept in a cold storage with multi-signature technology.

3 - DDOS Protection:

Advanced distributed system architecture built to protect against DDOS to ensure that trading cannot be halted by outside attacks.



4 - PASSWORD SECURITY:

Passwords in our database are encrypted using Salted SHA-256.

5 - DATA TRANSMISSION:

Data from website is transmitted using encrypted Transport Layer Security (TLS) connections.

6 - 2fa VERIFICATION:

Two-Factor Authentication (2FA) is required for actions such as withdrawals or changes in account settings.

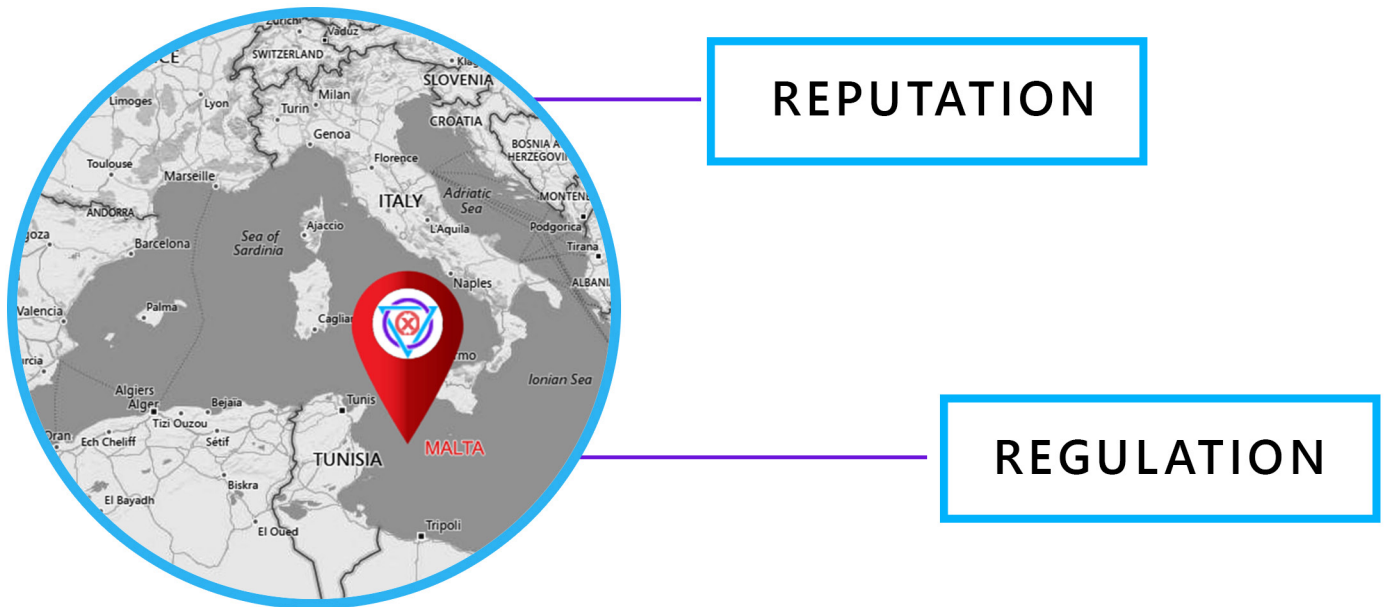
7 - CCSS STANDARD:

Crypto Currency Security Standard (CCSS) is a security standard that helps secure all information systems that make use of cryptocurrencies.



5.3 · REGULATION

One of the most important things for us is being in a compliant system, we choose Malta as host country.



5.3.1 · MALTA THE ICO JURISDICTION – REGULATION

Malta is the first country in the world to introduce a clear regulatory framework around ICOs, tokens and cryptocurrencies. This will ensure that as a founder, you will be able to get certainty on the treatment of your token. Malta, as a jurisdiction, does not regulate Utility tokens. A Utility token does not give token holder any rights, nor obligations. So as long as your token is a Utility token, then you are free to run an ICO through Malta.

Plans are in place to set up a new regulator to overview such ICOs in Malta. This will ensure the elimination of Fraudulent ICOs. The objectives of such regulator is simply will be to promote Malta as a fair and transparent ICO jurisdiction.

5.3.2 · MALTA AS THE ICO JURISDICTION – REPUTATION

When selecting your ICO jurisdiction, you should not overlook your reputational risk. It does not say much of your ICO when you decide to launch from some remote offshore Jurisdiction. Malta, is ideal as a jurisdiction, as it is a European Union (EU) country. Also, banks and other institutions refuse to work with ICO companies located in offshore jurisdictions. This means that, even though you could have a very successful ICO, you might not be able to operate efficiently, which is what every ICO Participant would expect from you.

5.3.3 · MALTA AS THE ICO JURISDICTION – GENERAL PRO CRYPTO / BLOCKCHAIN SENTIMENT

It is not often, that you hear a Country's leader openly show his support and Admiration for Crypto. Malta's Prime Minister, Joseph Muscat, has recently been very clear in his said that cryptocurrency will become the "future money". Prime minister Muscat asked his audience: "Have any of you ever thought about what gives paper money its value when it's ultimately just pieces of paper? It is because society attributes value to it. Now some people, who in my opinion are geniuses, are arguing that value can similarly be attributed to virtual currencies."

July 4, 2018 marks a historical day for Malta, as the Maltese Parliament has officially passed 3 bills into law, establishing the first regulatory framework for blockchain, cryptocurrency and DLT (Distributed Ledger Technology). This makes Malta the first country in the world to provide an official set of regulations for operators in the blockchain, cryptocurrency and DLT space.

"I think that blockchain technology, DLT and cryptocurrency is where innovation is happening right now and we are very glad that Malta can offer the first jurisdiction in the world to regulate this sector. We are excited about what this will lead to in the future," Joseph Muscat, Malta's Prime Minister, told me.

Just last week, the Maltese Parliament voted unanimously to approve 3 cryptocurrency and blockchain bills, which were designed to make Malta one of the most desirable locations to set up shop in the blockchain space. As these bills have now been passed into laws, Malta is sure to become an early pioneer in economic innovation. In turn, this will strengthen the country's economy with the creation of a new economic niche.

Moreover, Malta's Junior Minister for Financial Services, Digital Economy and Innovation, Silvio Schembri, noted that the passing of the new laws mark an important milestone in which companies will be provided with the necessary tools to operate in a regulated environment.

When we started looking into what was needed for the blockchain industry to flourish, we understood early on that the serious operators wanted legal certainty. As of now, operators are functioning in jurisdictions of legal uncertainty. Operators fear that one day a government in that particular legislation will tell them they aren't within the law - even though there are currently very few laws in place. This is creating legal uncertainty and we wanted to change this, Schembri told me.

Malta: The World's First Blockchain Island

Due to its innovation in the blockchain and DLT space, Malta has earned a reputation for being known as "the world's first blockchain island." And now that the Maltese Parliament has approved the laws intended to set up the first regulatory framework for DLT, more blockchain and cryptocurrency operators are sure to look towards Malta as a safe and welcoming environment.

"We're providing the necessary tools so that companies in this sector can operate," said Schembri.

5.4 · XCRYPT FUTURE PROOF

5.4.1 · UTILITY TOKEN

Utility tokens, also called user tokens or app coins, represent future access to a company's product or service. The defining characteristic of utility tokens is that they are not designed as investments; if properly structured, this feature exempts utility tokens from federal laws governing securities.

By creating utility tokens, a startup can sell "digital coupons" for the service it is developing, much as electronics retailers accept pre-orders for video games that might not be released for several months. Filecoin, for instance, raised \$257 million by selling tokens that will provide users with access to its decentralized cloud storage platform. Because the term "ICO" is a derivative of "initial public offering" (ICO), utility token creators usually refer to these crowdsales as token generation events (TGEs) or token distribution events (TDEs) to avoid the appearance that they are engaging in a securities offering.

5.4.2 · SECURITY TOKEN

If a crypto token derives its value from an external, tradable asset, it is classified as a security token and becomes subject to federal securities regulations. Failure to abide by these regulations could result in costly penalties and could threaten to derail a project. However, if a startup meets all its regulatory obligations, the security token classification creates the potential for a wide variety of applications, the most promising of which is the ability to issue tokens that represent shares of company stock.

5.4.2 · WHAT ARE STOs?

In the latter half of 2018 and in 2019 we are therefore going to see a huge rise in STOs, and they may eventually out-duel ICOs. The reason is there's more security for potential investors, and thereby less chance of fraud.

If blockchain startups can have more credible ICOs, it doesn't really matter what they are called. This also opens up the floodgates for companies and new projects in virtually any field to tap into how ICOs work, backed by tangible assets.

In a world where ICOs are becoming increasingly necessary, according to the founder of Binance, it may be justifiable that some of those be implemented as STOs.

Cryptocurrencies and ICOs must compromise with the existing framework of how securities work, thus STOs could be the new ICOs in the years to come. Security ICOs will likely become a real competitor to traditional IPOs as the costs for an ICO remain cheaper and as more investors realize the advantages of digital tokens over “real shares”.

	Traditional VC	Utility Tokens	Security tokens
Issuer-Investor Alignment	X		X
Investor Liquidity		X	X
Access to Expert Networks	X		X
Community Development		X	X
KYC-AML Compliance	X		X
Regulatory Oversight	X		X

Security tokens combine the characteristics of utility tokens and venture capital

We believe security tokens act as a natural bridge between traditional finance like venture capital and Blockchain and benefit both equally. Utility tokens, akin to loyalty rewards points given by credit cards, have dominated ICOs. However, in some cases, owners cannot use the tokens beyond the issuer’s platform. As for venture capital, most private assets are relatively illiquid, which means investors face a difficult and costly time trying to convert them into cash. Security tokens solve both fundamental problems.

Security tokens digitally represent ownership in any asset, such as a piece of a tech startup or a venture capital fund and can provide investors with various rights to that company or fund. Furthermore, Security tokens provide liquidity to investors, access to compliance features to issuers, and a framework for oversight to regulators.



5.4.4 · CRYPTO ECOSYSTEM DEVELOPMENTS HINT AND SECURITY TOKEN TSUNAMI



Date	Company	Event Description
Nov 2017	FunderBeam	Raises \$5.8 million for early-stage startups through its Blockchain
Jan 2018	Securitize	Launches a "ICO in a Box" platform
Feb 2018	Causum/BITE	Sells equity via Blockchain for a cleaner power grid
Mar 2018	Overstock/Tzero	Cancels planned ICO; Plans to launch security token exchange platform
Mar 2018	Securrency	Plans to maximize payment flexibility through security tokens
Apr 2018	Open Finance	Plans to launch a security token trading platform
Apr 2018	Harbor/R-Token	Raises \$28 million to "re-engineer" private securities for Blockchain
May 2018	Elephant	Announces a tokenized secondary market through in-house token
May 2018	Polymath	Plans to purchase a stake in a traditional securities exchange
May 2018	Templum	Raises \$10 million for a security token platform; Acquires broker/dealer
May 2018	VrBex	Plans to raise \$100 million to launch a security token trading platform
May 2018	SharesPost	Announces launch of a trading platform for secondary security tokens
Jun 2018	Coinbase	Acquires SEC regulated entities; Plans to enable security tokens trading

As the regulatory environment for cryptocurrencies improves, we believe the broader infrastructure to help connect issuers and investors is starting to take shape. In the chart below, we list industry developments and emerging projects designed to boost the prominence of the security token market. The people behind these projects clearly believe that security tokens could soon attract the interest of businesses and retail investors. Furthermore, the market forces that drove the evolution of the digital currencies - democratization, globalization, transparency and liquidity – could prompt a flurry of private tech firms to raise money through security token ICOs.

Innovative startups and opportunistic, institutional crypto investors will position themselves to benefit from the growing secular trend of security tokens. Security token offerings, STOs, are therefore the new kid on the crypto block. If ICOs inspite of a lack of regulation still fueled startups with a massive \$5.6 billion, what's next? Many believe it's STOs.

While for ICOs the way it usually works is tokens or coins are offered by companies for purchase as a form of crowdfunding, however with STOs it's an upgrade whereby you can purchase tokens during the offering that you can then trade, sell, or hold. However, since security tokens are actual financial securities, your tokens are backed by something tangible like the assets, profits, or revenue of the company.

5.5 · XCRYPT ERC 721 MARKETPLACE

We believe in our strong differentiation from the other and we wanted to create a marketplace based on the erc721, since we saw in them a big occasion for the future. XCrypt marketplace is a decentralized marketplace for crypto assets, which include collectibles, gaming items, and other digital goods that are backed by a blockchain like Ethereum. On xCrypt you can buy or sell any of these items through a smart contract, meaning that no central authority ever holds custody of your items. If you're on a desktop computer, you'll need to install meteamask in your browser in order to use xCrypt marketplace You'll also need to fund your account with Ether in order to purchase an item on xCrypt.

Many have heard of the new game on the Ethereum blockchain called CryptoKitties. The new game recently made several headlines within the cryptocurrency community because of its extremely unique idea and the dent it's made on the Ethereum network. CryptoKitties is a game in which players can buy, sell, trade, and breed digital cats. They can be thought of as "breedable Beanie Babies" in that each cat is unique in some way. This uniqueness makes the CryptoKitties extremely collectible, as someone could take interest in the characteristics of several kittens and wish to own many of them. But collectibles aren't limited to digital felines. Humans have always had a history of



collecting things; it's nothing new. From physical coins to Pokémon cards, people love collecting. It's a hobby that forms as a result of a unique interest in scarce items. Similar to how the value of a commodity is related to its scarcity, the value of a collectible item to a collector is connected to its rareness among other items.

What's Next?

Since the birth of CryptoKitties, there are now over 100 CryptoKitty variants. Blockchain users can now buy, sell and trade a myriad of self-created digital collectibles, from cats to dogs to cartoons. While the proliferation of copycats (pun intended) does not show any signs of slowing, there are many other possible uses for ERC-721 Tokens. Below we discuss a few of those use cases.

Gaming

Many companies followed CryptoKitties into the blockchain game silo. New basic games are popping up around other digital collectibles, such as trading cards, which allow the movement of physical collectibles into the virtual space. These games and other CryptoKitty adaptations prove ERC-721's utility in basic gameplay. But now there is room to see if the ERC-721 standard can be utilized on more sophisticated gaming platforms. Some smaller gaming companies recently started to create more comprehensive games and universes with ERC-721; however, the big gaming companies have yet to include this technology on their platforms. Nonetheless, we can see the potential opportunity to grow new gaming universes and expand or extend existing franchises utilizing ERC-721 Tokens.

Authentication

One of the touted promises of blockchain technology is the blockchain's ability to ensure product authenticity. With ERC-721 Tokens, in conjunction with a blockchain, users can help prove non-fungible product authenticity. For example, if an art gallery owner encoded an ERC-721 Token into each gallery painting, the token could track everything from the painting's original artist to its current owner. As a result, the token would allow artists to easily copyright their works. It would also ensure buyers that they own authentic products. ERC-721 is thus useful to individuals who want to protect their intellectual property and to individuals concerned about product authenticity.

Social Networks

ERC-721 Tokens allow for the creation of unique avatars, but at present there is no way for these avatars to interact, aside from breeding. Including a social interaction layer could dramatically increase the usability of the avatars and help enhance the growth of the ecosystem in which the avatars reside.



Moving Forward

We are at the forefront of not only a CryptoKitty revolution but also a ERC-721 revolution. Yes, ERC-721 offers application developers the ability to create fun, cute games. But, like other uses of blockchain technology, ERC-721 offers an opportunity to find solutions to complex real-world problems. As we push forward into the ERC-721 space, we must be cognizant of the endless possible uses for this new token standard. We believe the future is bright for ERC-721 Tokens and we look forward to helping companies develop thriving businesses utilizing this token standard.

5.6 · XCT TOKEN

XCT Token is a utility token standard ERC20.

Its platform has several functionalities both for the user and the partner.

XCT rewards its holders with an airdrop ranking system (see the chapter).

XCT is needed to purchase the prime membership.

XCT is needed to participate at the partner ICOs' RCs with big bonuses proposed inside the Xcrypt ecosystem.

XCT is needed to pay the exchange's DEX system's fees.

XCT is needed to pay the debit card's fees.

XCT is needed to purchase the PRO membership for its social medias.

- 1) in the centralized exchange fees are to be paid in xct
- 2) in the decentralized exchange fees are to be paid in xct
- 3) membership are bought in xct
- 4) after a xCrypt signed partnership agreement with the selected ico, xCrypt proposes an rc to its community (see airdrop ranking workflow)
- 5) some of the community members participate at the xct proposed rc
- 6) xCrypt converts xct in eth
- 7) funds are sent to the partner ico
- 8-9) partner ico converts eth to be listed obsu xCrypt paying in xct
- 10) partner ico releases an airdrop before listing, as agreed with xCrypt, to increase its visibility on real investors
- 11) airdrop ranking is activated (see airdrop ranking equation)
- 12) social media platform members pay promembership in xct
- 13) the debit card mantainance is paid in xct

5.8 · AIRDROP RANKING SYSTEM

We created a method for giving benefits to our XCT HOLDERS, improving to the whole ecosystem in general, bringing revenues to our exchange and adding value to our community and to our token holders.

The ico with erc20 usually have 3 problems:

1 - the fundraising during the ico phase.

Investor are often difficult to be found, as well as having access to actual investors pools.

2 - The visibility in the exchange before the listing's start.

It happens too often that tokens loose value once they're listed, as a consequence of the lack in communicating their intrinsic added value to the investors.

3 - too often the token holders don't have actual advantages in owning them.

The solution

We have sperimented an equation which created a poin based rank, connected to an airdrop method to incentivize the token holders to keep on the exchange and to conserve them for a long period of time. This valorize a RC system which brings value to our partner ICO.

$$X = (A + B + C) * Z$$

X= position in the general rank following a partner ico's token airdrop distribution

5 groups of xct holders have been identified. (The value of this parameter is going to be expressed with A in the equation).

we identified 3 account types (The value of this parameter is going to be expressed with B in the equation).

1 prime: 3 tokens

2:gold: 2 tokens

3silver: 1 tokens

We created a modality to shape the RC (reservation contract) before the listing phase of a given partner ICO which rewards the exchange users with a growth in the xcrypt rank

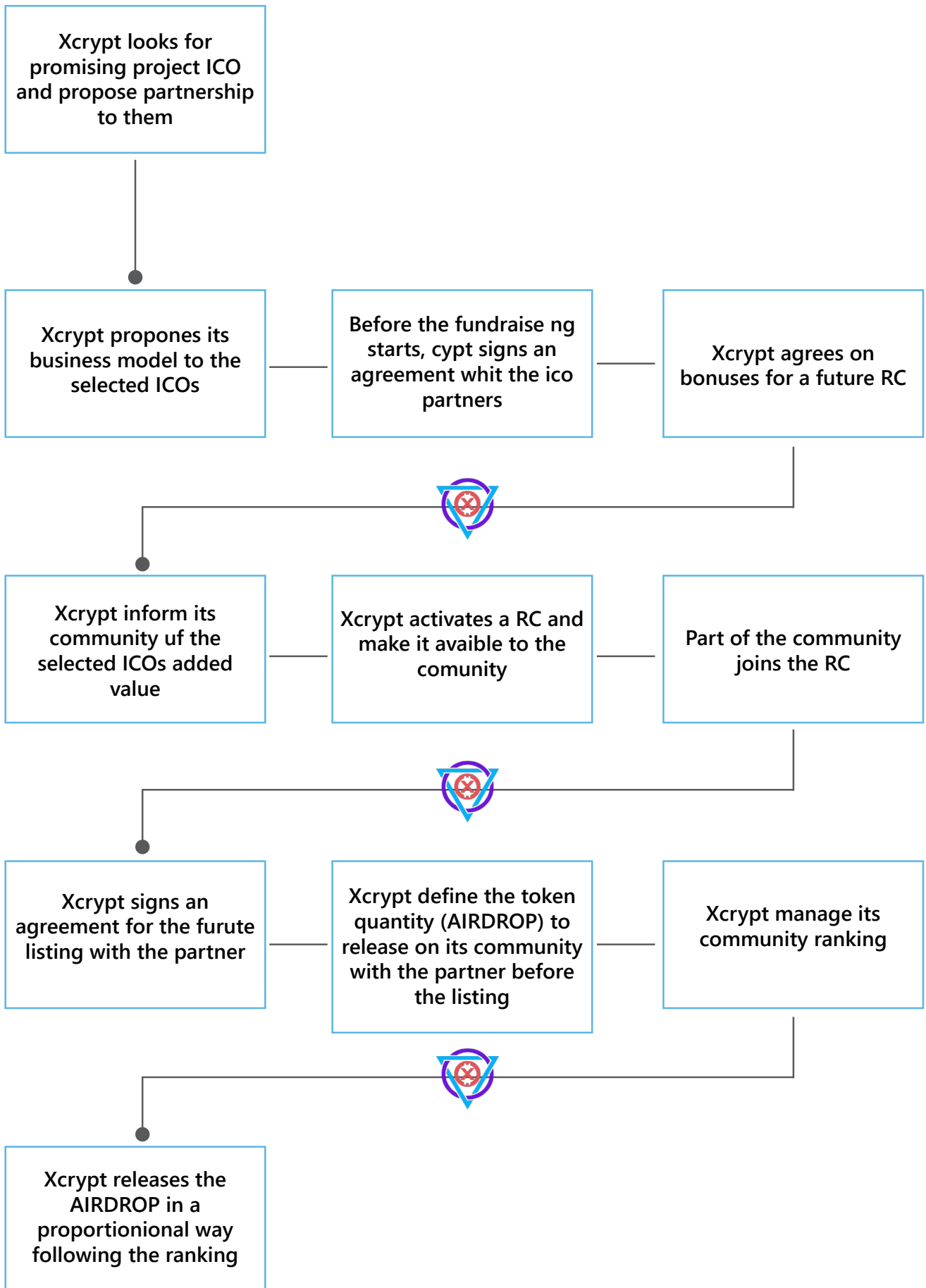


and giving a classic ICO bonus, which is going to be later listed on our exchange. (The value of this parameter is going to be expressed with C in the equation).

The btc value traded during the month is very important. (The value of this parameter is going to be expressed with Z in the equation).



5.9 · AIRDROP RANKING SYSTEM WORK-FLOW





6 · XCRYPT'S BUSINESS MODEL

XCrypt Aidrop System and RC solution

XCrypt does revenues anytime it organizes a rc and it manages an aidrop ranking.

Margin Trading Loan Interest

Users can opt in to become margin trading loan providers and receive interest earnings with their asset deposits. XCrypt will automatically determine the interest rate based on margin trading loan supply and demand. A portion of earnings generated from interest payments will be collected by xCrypt.

XCrypt Prime

XCrypt will launch xCrypt Prime service for individual traders in 2018. Traders can subscribe to xCrypt Prime service for higher leverage on margin trading, lower latency ticker, and higher trading API rate limit on xCrypt exchange. XCrypt Prime service will be subject to MONTHLY subscription fee.

XCrypt High-Frequency Trading Server

XCrypt will launch its high-frequency trading server subscription service for investment banks, hedge funds, and institutional investors. These servers will be hosted on the same network with xCrypt order matching engine, providing ultra lowlatency ticker and unlimited API rate on the xCrypt exchange. Trading algorithms can be deployed onto these servers for high-frequency algorithmic trading. The highfrequency trading servers will be subject to annual subscription fee.



7 · CONCLUSION

We created this ecosystem based of the differentiation regarding the current exchange market. This is the reason why we are an end to end ecosystem with a wide spectrum of services, on the social media side to built a strong community and give a sense of identity to the various trading possibilities, arriving to the maximum compliance in the field. Our token brings tangible to the holders who simply want to conserve them, believing in the project also for a medium/long period of time.