



WHITEPAPER

Simple & easy to use insurance platform for cryptocurrency enthusiasts

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Executive Summary

At BITRUST we truly believe that cryptocurrencies have a number of advantages over fiat currency. However, if you decide to participate in the ultra-dynamic and constantly evolving cryptocurrency market, which is still admittedly in its infancy, it soon becomes obvious how extremely complex it is to forecast market fluctuations. This is how the idea of creating the BITRUST platform came into being.

BITRUST is an affordable, decentralized, easy to use peer-to-peer (P2P) cryptocurrency insurance marketplace that is based on Ethereum, a blockchain-leveraging smart-contract technology. The objective of BITRUST is to be affordable for retail digital currency investors with an average monthly trading volume of between \$100 and \$100,000.

In 2017, 179 new altcoins were launched, many of which have since decreased in value dramatically. With BITRUST, investors who are interested in coins that are new to the market will be able to hedge the risks associated with such pitfalls. We offer a secure and easy-to-use risk management solution for cryptocurrency enthusiasts which enables cryptocurrency investors and day-to-day users to significantly mitigate risks associated with high market volatility.

The huge increase in the number of wallets suggests that more and more investors are coming into the market, thus increasing the liquidity and attractiveness of cryptocurrency investments. At the same time, only a limited number of risk mitigation solutions have been introduced for these investors. As part of our overall contribution to the astonishing growth in this area we hope to further increase the ease of the cryptocurrency market by granting users access to the BITRUST platform. We believe that it will lower barriers to entry for new investors, scale up the amounts invested by current cryptocurrency market participants, and increase the liquidity of altcoins.

WHY THE MARKET IS READY FOR BITRUST

In short, this is why the market is calling out for something like BITRUST:

1

The need for secure and easy-to-use insurance solutions for cryptocurrency investors.

2

The need for an affordable solution for regular cryptocurrency enthusiasts.

3

To solve the real issue of altcoin volatility.

Blockchain technology is constantly developing and the cryptocurrency market is growing and we couldn't be more happy about it. This represents not only a significant technology breakthrough in data architecture and in terms of security providing distributive or decentralized networks, but we also get the feeling that a major movement is happening globally. BITRUST aims to promote the even greater involvement of blockchain technology in our daily lives by reducing the risks associated with investments in cryptocurrency, thereby allowing new and existing projects to flourish for the benefit of the entire system.

The core problem faced by potential investors when considering investing in cryptocurrency is the heightened risk of loss in value of a particular altcoin. The cryptocurrency market is growing tremendously, with over 1,380 cryptocurrencies circulating. According to The Business Insider, Initial Coin Offerings (ICOs) raised over USD3.5bn in 2017. However, the whole market suffers from a lack of transparency, limited regulatory oversight, poor due diligence of investors, and no basic form of investor protection. Consequently, the value of altcoins is not set by anyone other than the market and its participants, who engage in the process of buying and selling on exchange platforms. These extreme conditions create enormous volatility, which puts off many potential investors from purchasing currencies and, consequently, supporting the blockchain technology movement.

The current market offers a variety of risk management solutions for cryptocurrency enthusiasts, limited in number, but nevertheless very sophisticated. In most cases these offerings are aimed at experienced traders (i.e. hedge funds and trading houses), making them very complex, hard to access, and expensive

for a regular cryptocurrency investor and user. **What we are developing is an affordable, decentralized, peer-to-peer cryptocurrency insurance platform for retail investors who have limited, or no, trading background.** Potential users of our cryptocurrency insurance platform would be able to bypass and drastically reduce the cost of applying risk management strategies in their investments through P2P interaction using smart-contract technology.

Built on Ethereum blockchain-based smart-contract technology, BITRUST offers a simple, secure and easy-to-use insurance solution for cryptocurrency enthusiasts. It enables cryptocurrency investors and day-to-day users to significantly manage risks associated with the high volatility of the cryptocurrency market. Many of 179 newly launched altcoins in 2017 have since decreased in value dramatically. With BITRUST, those investors interested in coins that are new to the market will have an opportunity to protect themselves from such pitfalls.

As part of our overall social contribution to the blockchain community we hope to improve the attractiveness of the overall cryptocurrency market. By granting cryptocurrency enthusiasts access to BITRUST, we believe that this will lower barriers to entry for new investors, scale up the amounts invested by current market participants, and increase the liquidity of altcoins.

TEAM

BITRUST has assembled an expert management team with a diverse range of valuable skills. It includes professionals in cryptocurrency, insurance operations and compliance, blockchain and peer-to-peer technologies, artificial intelligence, internet marketing and economics, politics and public relations.

The management team has already achieved several milestones such as having all infrastructure in place to develop the BITRUST platform, including headquarters, IT support, and hiring a top team of software developers.

Alex Duhamel

CEO

Alex's core expertise is in derivative functionalities and hedging strategies used in various forms of insurance against asset depreciation. He has a degree in Finance with distinction from a top tier Canadian University and a Master's degree in Finance from Cass Business School in London, UK. While working at KPMG Canada, Alex gained extensive knowledge of valuations and financial risk management.



With the strong belief that cryptocurrencies are the wave of the future, he joined BITRUST as CEO in 2017, aiming to integrate his business and financial knowledge into the expanding crypto industry.

Elina Krumina

CFO

Elina has a long record of accomplishment in various banking sectors. Following her BA degree in Business Administration from the School of Business and Finance she has spent the last 12 years gaining comprehensive knowledge and experience at leading Nordic corporate bank SEB. Throughout her career Elina has performed business reviews, value chain analysis and cash management for large international corporate customers and multi-billion businesses. She has gained a thorough understanding of customers from different industries and various cultural backgrounds.

While following the latest trends in banking and finance, Elina has long been a supporter of blockchain technology and its products. She was proud to join the BITRUST project as CFO in 2017 as she believes that the distributed ledger technology will revolutionize the finance and banking industries.



Serge Silin

CTO

Segey has built his career in IT, working as an IT specialist, developer, and manager, coordinating the work of international teams. Sergey also has experience working for one of the largest banks in Europe an experience that afforded him a closer insight into the financial world and its ever-changing nature. Sergey joined the BITRUST team in 2017 to join the journey to helping others feel more comfortable in the world of cryptocurrencies, making it more transparent and safe.



Mihail Andreyev

Head of Product Development

Mikhail is an IT Professional with a solid track record within the reinsurance and banking industry. He has a Master's degree in Computer Science and Engineering from Riga Technical University. Over the last 5 years he has led the development and engineering activities for core business applications of Fortune Global 500 companies. Mikhail is actively engaged in product requirement elicitation, solution design, product development & delivery (applying practices from Agile methodology and Scrum framework) as well as production operations.

Mikhail has a passion for Blockchain technology and joined BITRSUT as Head of Product Development. In this position, he will be responsible for setting up a product development team and eventually launching BITRUST platform.



Alexey Vinar

Head of Software Development

Alexey Vinar graduated from the Novosibirsk State Technical University with a degree in Software Development. His career began as a producer at one of the leading digital agencies in Russia, where he gained experience of working with well-established global companies such as IKEA, GoPro, Discovery Channel, Burton and others. In 2017 Alexey joined the BITRUST team as the Head of Development.

His department is engaged in developing smart contracts and web services for the BITRUST platform. Alexey is convinced that there are no impossible tasks when it



comes to software development and any idea, no matter how crazy it may sound at first, can be materialized. To run BITRUST, he personally recruited an entire team of talented developers.

Oleg Lupikov

Head of R&D

Oleg Lupikov graduated from Novosibirsk State University of Telecommunications and Informatics with a degree in Business Informatics. He worked as a leading front-end developer in the agency, ranked in the top 5 by Awards. In addition to that, Oleg has a vast experience in launching new start-ups and owns several IT companies of his own. His core strength, however, is the design of user-friendly interfaces. Oleg joined BITRUST in 2017 and is the Head of R&D Department.



Arthur Lots

Head of Operations

An experienced Operations Manager with an excellent track record in the financial services industry, Arthur has a deep knowledge of the technological advances needed to complement business growth, strategizing an operational level to stay one step ahead of the competition.

At his previous job Arthur managed a foreign exchange portfolio, was involved in strategic trading of FX spots and options across G10 currencies, and performed daily portfolio management tasks including hedging and position management. As our Head of Operations, Arthur's goal is



to build the operations team from the ground up, creating the necessary structure and allocation of roles and responsibilities across functions, defining key processes.

Leon Leschinsky

Head of Strategy

Having graduated from Oxford Brookes University (BSc) and from Cass Business School in London with a Master's in Business and Finance, Leon is responsible for overall Strategy at BITRUST. Prior to this role, Leon co-founded Albert Cliff Limited, a specialist financial services recruitment consulting firm specializing in mid- to top-level executives which now prides itself on servicing the world's top multinational corporate clients across the EMEA and APAC. Leon is a blockchain enthusiast and strong proponent of cryptocurrency.



Arthur Kavinsky

Head of Business Development

Arthur holds a Master's degree in Finance from Cass Business School in London. After graduation he pursued a career in business management and development in the industrial sector and from 2013 was a business development manager at Latteps Limited. Being a long-term supporter of blockchain technology and a firm believer in the success of the crypto economy, he joined the BITRUST team as Head of Business Development in 2017. Arthur is eager to add the valuable knowledge and experience gained throughout his career to further enhance the success of the BITRUST project.



Aleksandr Karev

Head of Marketing

Alex holds a Bachelor degree in Management Sciences from Loughborough University in the United Kingdom. After graduation he pursued a marketing career in the industrial sector and from 2012 was a marketing director at Intergaz Limited.

In 2017 he joined the BITRUST team in order to contribute to the development of the marketing strategy for the project. Alex is a blockchain enthusiast and a firm believer in the success of the crypto economy and that cryptocurrency will change our financial system for the better.



Denis Radchenko

Head of Recruitment Strategy and HR

After graduating in Real Estate Finance from the University of Cambridge, UK, Dennis pursued a career with a strategy consulting boutique firm and a large recruitment company.

In 2010, believing he could do it better himself, Dennis decided to set up his own business. Starting with the first specialist market — front office banking — Denis co-launched Albert Cliff Limited. In 2017 he joined the BITRUST team in order to contribute to the development of the cryptocurrency market, with the goal of making it more predictable for everyday users. Denis is a blockchain enthusiast and strong believer that cryptocurrency will change our financial system for the better.



Hook Production Ltd

Blockchain development support

Hook Production Ltd is a leading digital production agency based in Novosibirsk, Russia. The firm's clients are well-known brands from USA and EU. The team is abundant with talented software engineers which is now working hard to launch BITRUST platform.

SETTING THE SCENE

We strongly believe that cryptocurrencies have a number of advantages over fiat. However, being a participant in an ultra-dynamic and constantly evolving cryptocurrency market, which is still in its infancy, it is extremely complicated to forecast market fluctuations. Trying to determine key driving forces is similarly speculative. The whole market suffers from a lack of transparency, limited regulatory oversight, poor due diligence of investors, and no basic form of investor protection.

At BITRUST, we decided to highlight the most important aspects of the cryptocurrency market. We look at the current state of the market from different angles such as cryptocurrency market capitalization, types of wallet, and numbers of active users, exchanges, and problems with security, as well as the arrival of big market players. We hope that this will set the perfect scene for a potential investor to understand the necessity of BITRUST's decentralized P2P cryptocurrency insurance marketplace and how our easy to use product could help lessen the uncertainty still associated with holding, or investing in, cryptocurrency.

Arrival of hedge funds

UK research firm Autonomous NEXT has counted 68 crypto hedge funds. Their traditional strategies consist mainly of either investing in ICOs or holding bitcoin and other high-profile cryptocurrencies. According to research conducted by The Financial Times, there has been a rise in newly-developed hedge funds focused exclusively on digital currencies. However, the infrastructure and level of experience of these so-called hedge funds are still in a significantly underdeveloped stage when compared with a traditional hedge fund set-up.

Cryptocurrency hedge funds

The crypto hedge fund sector is filled mainly with “mid-cap” players whose assets under management (AUM) range from USD2mIn to USD20mIn. Interest in these kinds of funds come primarily from family offices and wealthy individuals from a variety of countries. However, High Net Worth Individuals (HNWI) are open to investing a limited amount of their wealth into risky, yet potentially unparalleled, reward opportunities. For example, Solidus Capital, a crypto hedge fund based in Mexico with offshore funds, has attracted capital from HNWI within Latin America.

Nevertheless, there are a few hedge funds which have been able to rise substantial AUM. One example is Polychain Capital, which is considered to be the biggest player with significant support in terms of both institutional investment backing and liquidity injection, boasting some of Silicon Valley’s best-known venture capitalists, including Andreessen Horowitz and Sequoia, and now managing around USD250m. Lately, there has also been an announcement that world-renowned fund manager Mike Novogratz, who recently left the Fortress Investment Group after a series of losses, is looking to start a USD500m hedge fund to invest in cryptocurrencies, ICOs, and related companies. Mr Novogratz stated that he is willing to invest USD150m of his own funds and attract a further USD350m from family offices, wealthy individuals, and institutional investors. If he is to deliver on this statement, his cryptofund would be the largest of its kind.

According to The Wall Street Journal, blue-chip banking giant Goldman Sachs is evaluating plans to allow its investors to trade in Bitcoin directly. This would potentially make it the first leading Wall Street firm to allow its investors access to the rapidly growing cryptocurrency marketplace.

Even though all the sums already amassed by crypto hedge funds are dwarfed by traditional hedge funds and, consequently, affected by their inability to implement a sophisticated infrastructure, most funds pride themselves on annual returns of between 90% and even above 400%. As an example, Atlanta Capital’s Digital Currency Fund returned around 413% to its investors. Another fund, BitSpread, which is based in London and started trading in 2014, has returned

200% over three years. In comparison, traditional hedge funds across all strategies returned an estimated 5.5% during 2017 to August, according to the data provider eVestment.

The entire industry trend is highlighting an increased pace of fresh capital injection into cryptocurrency markets, further complicating the “playing field” and the need for some reliable risk management solutions.

Risk mitigation solutions market gap

A key threat here is that all these crypto hedge funds have shown almost no activity in hedging their long positions. This might have a major impact on the entire trading sector since, in accordance to a quarter of the 200 global fund managers surveyed by Bank of America Merrill Lynch, Bitcoin is the world’s most crowded trade, potentially exposing many players to high vulnerability should a switch happen on the market.

There is a clear lack in the market of specific tools aimed at hedging investors’ positions held in the cryptocurrencies market. Even the top traders within the sector have a very limited, and indeed immature, access to insurance against certain market shifts. The majority of traditional hedge funds or investment banks steer clear of the cryptocurrency markets due to its infancy and unpredictability.

Delving further into this problem, regular blockchain enthusiasts have absolutely no way to insure their cryptocurrency against sudden shifts in the market. BITRUST’s decentralized peer-to-peer cryptocurrency insurance platform has a clear agenda to address this market gap and serve regular blockchain enthusiasts (not high-volume trading crypto hedge funds) providing them the opportunity to insure their purchases and potentially limit losses in the case of sudden market switches.

Cryptocurrency

Most of us are familiar with using digital currencies, ever since IBM released their 3651 controller and 3663 checkout terminals in 1973. But in recent years, interest has grown in a new type of digital currency, cryptocurrency, which aims to satisfy the demand of individuals looking for a digital platform to transact securely, anonymously, and in a decentralized manner.

The first cryptocurrency (Bitcoin) began operating in January 2009, with the second cryptocurrency, Namecoin, not emerging until more than two years later, in April 2011. Today, there are over 1,200 cryptocurrencies and this number is growing each month. At BITRUST we expect that the total number of cryptocurrencies will reach 1,500 by the end of 2018.

Market capitalization

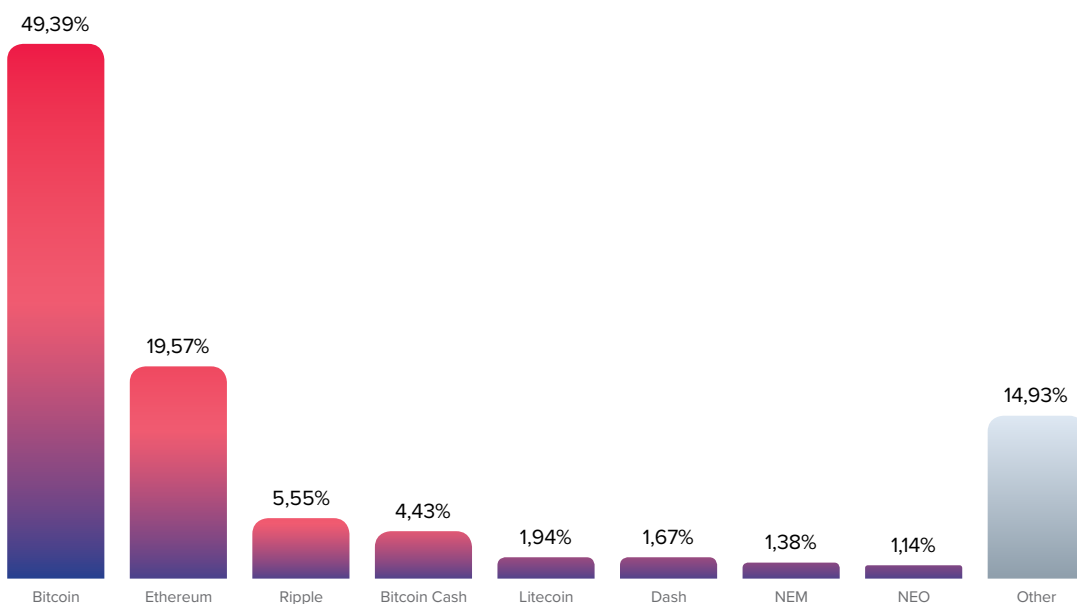
According to a University of Cambridge study on digital currencies, the market capitalization of cryptocurrency reached USD158.5bn in August 2017, showing a year on year increase of 795%. By the end of 2017 it swirled up to an unbelievable, unprecedented USD700 bn mark and any predictions of future pace of growth are next to impossible due to recent spectacular surges in the market. However it is only expected to grow since more institutional players and hedge funds are entering the market all the time.

Monthly trading volume

Based on data from Coinmarketcap.com, as of beginning January 2018 the top ten cryptocurrencies' 30-day trading volume totals approximately USD860bn. Still, the overall market is far greater with a number of altcoins growing on a monthly basis. BITRUST will provide an opportunity for people who want to insure cryptocurrency outside the top ten. For example, in 2017, 179 new altcoins were launched, many of which have since decreased in value dramatically. With the BITRUST decentralized P2P cryptocurrency insurance platform, investors who are interested in coins that are new to the market, will be able to hedge risks associated with such pitfalls.

Largest cryptocurrencies

Bitcoin is still the dominant cryptocurrency in terms of market capitalization, but alternative cryptocurrencies are increasingly cutting into its historically dominant market capitalization share. Even though Bitcoin's market capitalization accounted for 86% of the total cryptocurrency market in March 2015, it has dropped to only 33% as of the beginning of 2018. Altcoin Ripple has established itself as the second-largest cryptocurrency at the start of 2018, with Ethereum (ETH) in third place.



Cryptocurrencies by
Market Cap coin.dance

The combined 'other cryptocurrency' category has significantly grown its share of total market capitalization from 3% in 2015 to over 20% in the first days of 2018. Other two notable cryptocurrencies are BitcoinCash and Stellar with capitalization shares of 5.5% and 1.51% respectively (as of January 2018). There are four other cryptocurrencies, smaller by market capitalization, but nonetheless still regularly traded and well known to market participants. These are Litecoin, Dash, NEM, and NEO.

Wallets

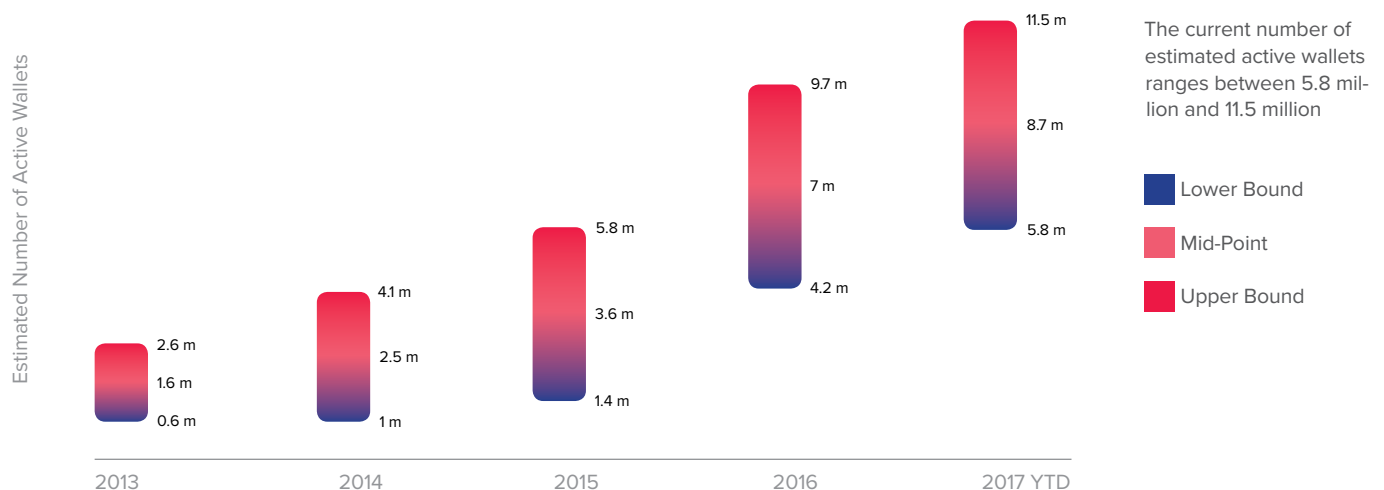
A multitude of wallet providers have emerged in recent years to facilitate the storage of cryptocurrencies and make wallets easier to use. These wallets range from open-source projects run by volunteer developers to others created by venture capital-backed registered corporations.

Number of wallets

Academic research backed by Visa has suggested that the number of active wallets could be as high as 30.9% of the total number. Another interesting finding by the University of Cambridge alternative finance research team in the "GLOBAL CRYPTOCURRENCY BENCHMARKING STUDY" published by Dr Gerrick Hileman and Michel Rauchs in 2017, suggested that the total number of wallets increased more than four-fold, from 8.2 million in 2013 to around 35 million in 2016. The report also stipulates that the estimated number of unique active users of cryptocurrency wallets increased from 2.6m in 2013 to over 11m in 2017. And according to the Statista portal there were about 15 mln cryptocurrency wallets by the end of the third quarter of 2017.

This huge increase in number of wallets suggests that more and more investors are coming in to the market, thus increasing the liquidity and attractiveness of cryptocurrency investments.

At the same time, the number of risk management solutions for these investors are rather limited in number. As part of our overall contribution to this astonishing growth, we hope further increase attractiveness of the cryptocurrency market by granting users access to BITRUST decentralized P2P cryptocurrency insurance platform. We believe that it will lower barriers to entry for new investors, scale up the amounts invested by current market participants, and increase the liquidity of altcoins.



Wallet types

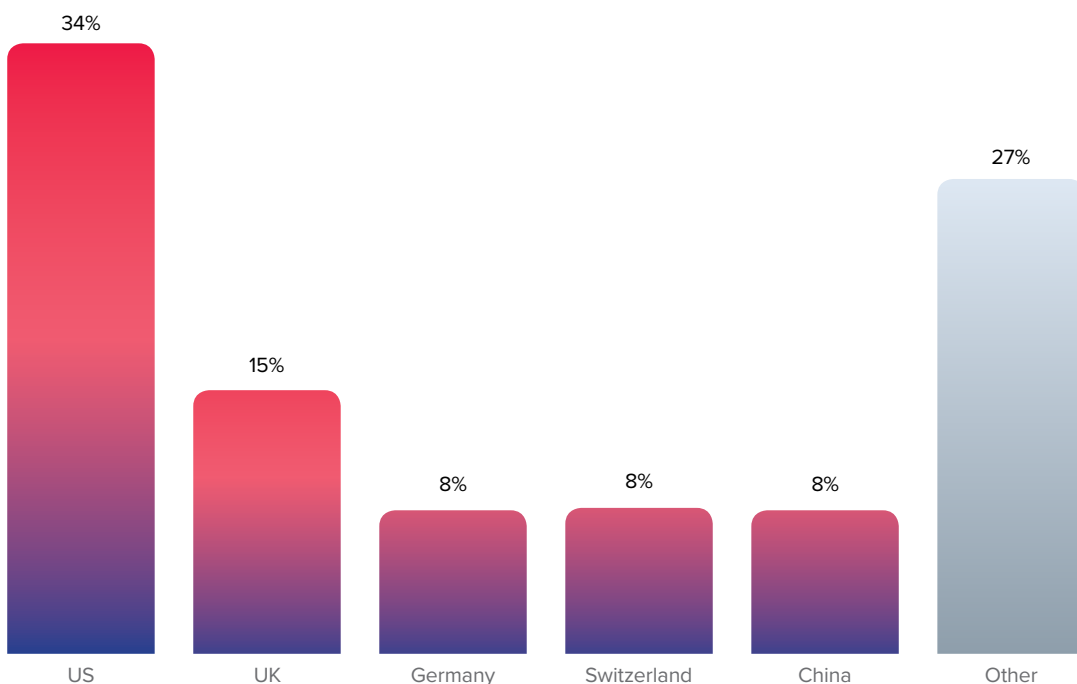
According to the above-mentioned University of Cambridge research, most wallets do not control access to user keys. Around 73% of surveyed wallets do not take custody of user funds, but let the users control private keys. Furthermore, 12% of wallets offer users the option to choose whether they want to control their private keys themselves or let the wallet service provider handle key management. Interestingly, only 15% of wallets take full custody of user funds.

Having fully researched the market, we understand that there are no major differences between small and large wallet providers. Most wallet services support multiple formats such as web, mobile, and hardware, therefore allowing users to effortlessly switch between different devices. Many market participants find smartphone wallet apps to be one of the most convenient ways to use cryptocurrencies on a daily basis as the wallet is transportable, thus readily available.

There are an increasing number of companies that specialize in the development of hardware wallets, which store private keys in a secure hardware device. This development coincides with the observed increase in the value of cryptocurrencies and, unfortunately, greater incentives for criminals to target cryptocurrency holders.

Geography of wallets

There are between 5.8 million and 11.5 million active wallets at the moment. Almost half of all wallet providers are located in the United States and the United Kingdom. If we break down origin by region, Europe is leading, with 42% of wallet providers, followed by North America with 39%, and Asia Pacific with 19%.



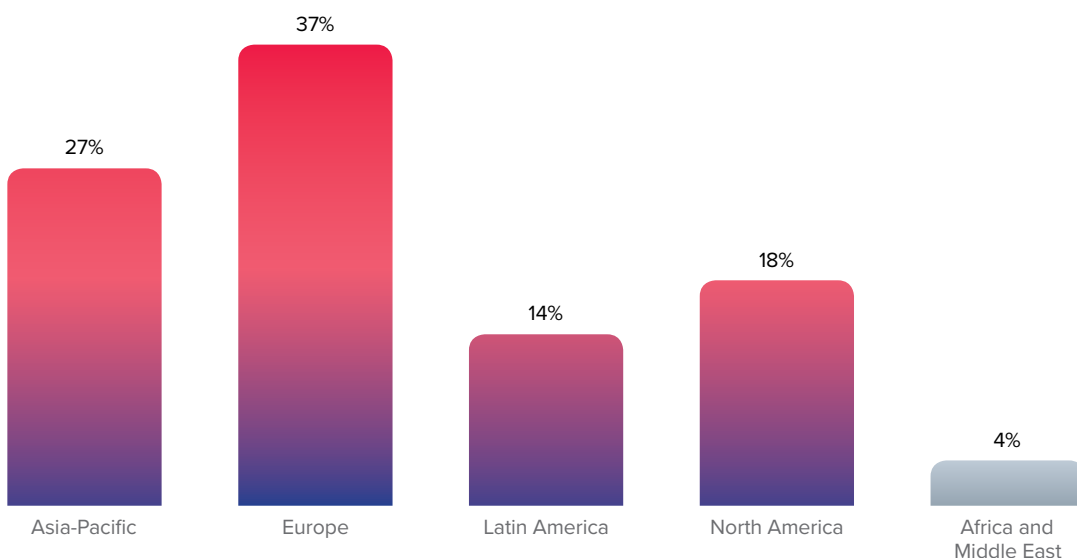
81% of wallet providers are based in North America and Europe

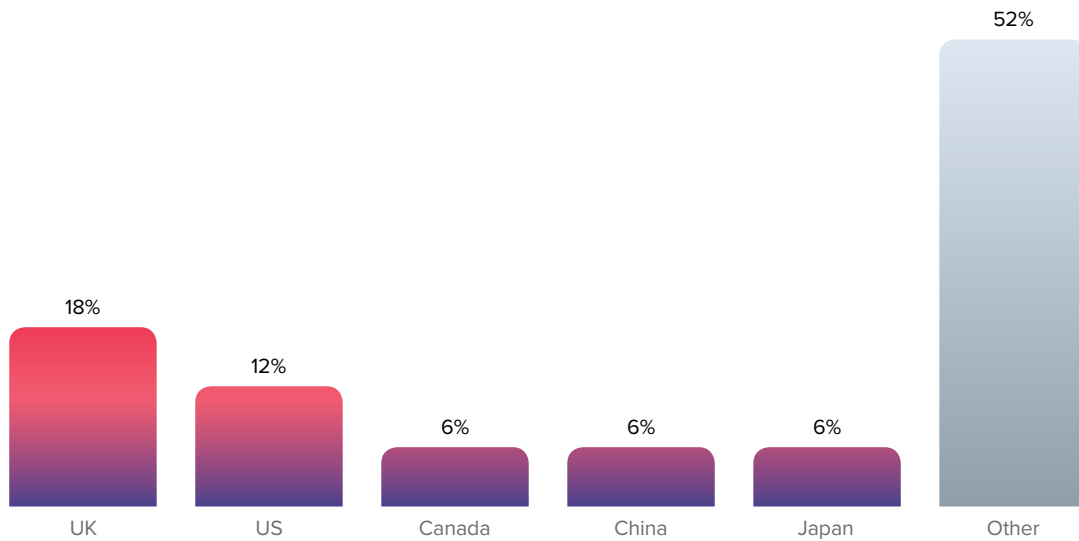
Exchanges

One of the first services to emerge within the cryptocurrency industry, quickly becoming its driving force, was exchanges. The first exchange was founded in early 2010 as a project to enable early users to trade bitcoins and thereby set a market price. Exchanges provide services for buying and selling cryptocurrencies and other digital assets for national currencies and other cryptocurrencies. Exchanges play an essential role in the cryptocurrency economy by offering a marketplace for trading, liquidity, and price setting.

General issues

The exchange sector remains the most populated in terms of number of active entries. A service like CoinmarketCap alone follows data from over 170 exchanges (as of beginning 2018) and the number is growing. In general, exchange activities fall into three categories: 1) order-book exchanges, 2) brokerage services, and 3) trading platforms. Around 72% of small exchanges specialize in one type of exchange activity, e.g. brokerage, while the same percentage of large exchanges provide multiple exchange activities. In terms of location, the United Kingdom and the United States lead with 18% and 12%, respectively, of all cryptocurrency exchanges.





Security problems

The surge in market prices of cryptocurrencies in recent years has made exchanges a popular target for hackers as they handle and store large amounts of cryptocurrencies. Numerous events have led to the loss of exchange customer funds, and a wide variety of schemes have been deployed, ranging from outside server breaches to insider theft. In many cases, exchanges where losses occurred were forced to close and customer funds were never recovered. One 2013 study analyzing the survival rate of 40 bitcoin exchanges found that over 22% of exchanges had experienced security breaches, forcing 56% of affected exchanges to go out of business.

Around 73% of exchanges control customers' private keys, making them very attractive for hackers as these exchanges have possession of user funds denominated in cryptocurrency. 23% of exchanges do not control customers' private keys, thereby preventing exchanges from accessing customer holdings or not being able to return funds to users in the event of an exchange that ceases to function. Large exchanges act as custodians more often than small exchanges: only 11% of large exchanges let users control keys, compared to 30% of small exchanges.

BITRUST — PRODUCT DESCRIPTION

BITRUST is the central point where an insurer meets a trader willing to insure a certain cryptocurrency position: i.e. to drop or raise against another cryptocurrency. It is an affordable, decentralized, easy to use, peer-to-peer cryptocurrency marketplace with a transparent self-execution based on Ethereum blockchain-leveraging smart-contract technology. Let's see in more detail how it works.

Our team's goal is to provide the blockchain community with a simple and easy-to-use risk management solution. The platform will provide an opportunity to protect cryptocurrency and significantly mitigate risks associated with high volatility in the digital currency market.

The objective of BITRUST is to build an insurance platform which will serve retail cryptocurrency investors with an average monthly trading volume of between USD100 and USD100,000. In 2017, 179 new coins were launched, many of which have since decreased in value dramatically. With BITRUST, investors who are interested in coins that are new to the market will be able to hedge risks associated with such pitfalls.

How it works

Since BITRUST is a peer-to-peer decentralized cryptocurrency insurance platform, a BITRUST smart contract can involve two or more counteragents. For simplicity, we use the following terms: those seeking an insurance are Buyers (B-side), and those willing to insure are called Sellers (S-side).

For example:

1 B-side places a bid on the BITRUST platform to insure a certain position:

1. Insure against ETH (with a value of \$100) dropping in price by 30% against BTC for 96 hours (based on a certain index).

2 With or without certain conditions:

1. Willing to pay in digital currencies an equivalent of \$5 as an insurance.
2. Claim an equivalent of \$15 in case the price drops to \$70 or below.

3 S-side may be just one seller or a cluster of several sellers, which can:

1. Agree to the terms proposed by B-side.
2. Or make a counter offer proposing slightly amended terms.

Let's suppose that both sides agree on terms and have locked their agreed sums in a BITRUST smart contract. B-side locks an equivalent of \$5 (insurance cost) and S-side locks an equivalent of \$15 (insurance body). The total BITRUST smart contract is equivalent to \$20:

Scenario 1:

- 1 After 96 hours, the agreed duration of the BITRUST smart contract, the ETH token drops by 30% against BTC.
- 2 The BITRUST smart contract executes a pre-agreed deal and sends the equivalent of \$20 (minus 0.1% fee) to the B-side: \$5 of insurance fee plus \$15 of the actual insurance body, i.e. limiting its exposure to the 50% loss in value of the insured digital currency.

Scenario 2:

- 1 After 96 hours, the agreed duration of the BITRUST smart contract, the ETH token does not drop in value against BTC.
- 2 The BITRUST smart contract executes a pre-agreed deal and sends the equivalent of \$20 (minus 0.1% fee) to the S-side: \$5 of insurance fee plus \$15 of the actual insurance body.
- 3 S-Side has earned an equivalent of \$5 (minus 0.1% fee) by insuring B-side against a drastic market shift.
- 4 B-side has been insured for the cost of \$5.

Ethereum-based smart contract guarantees

BITRUST utilizes Ethereum smart contract technology, which guarantees the execution of a transaction that has been pre-agreed by both parties.

The entire transaction within BITRUST requires both parties — the buyer of insurance and the seller of insurance — to lock their funds in BITRUST tokens (BTF) or a certain set of other cryptocurrencies as permitted by our platform. After the insurance contract date expires (as pre-agreed by both parties) and based on the conditions provided, the BITRUST smart contract is executed in a decentralized and automated way — ensuring the agreed terms are carried out. This mechanism eliminates the possibility of fraudulent behavior by any of the parties involved, e.g. not delivering on the promise (payment) in case the “bet” did not go in their favor.

Token utility and value

We intend to provide real value for holders of BITRUST tokens (BTFs) on the secondary market and reward early investors.

Our business model is simple — the BITRUST platform will charge a fee of 0.1% against a total amount locked in a particular BTF smart contract.

To promote the use of BITRUST tokens within our platform and increase the value of our tokens, we will charge a fee of only 0.1% against the total sum of the insurance contract in case where the entire deal is conducted in BTFs. This is a discount of 80% of our regular fee, which will serve as a strong incentive to use BTF tokens for the service BITRUST provides to the blockchain community.

CROWDSALE STRUCTURE

To finance our mission and vision, BITRUST tokens (BTFs) will be created by BTF Project Limited, a UK-incorporated company. A BTF is designed as an ERC20-compatible token over the Ethereum blockchain network. BTFs will be created during a single crowdsale event split into pre-ICO and ICO phases.

The reasons behind the crowdsale

There are a number of reasons why the BITRUST team has decided to run an ICO instead of more traditional ways of raising funds. First, we are firm believers in blockchain technology and its decentralized nature which allows a completely trustless interaction between parties. Secondly, we are developing a platform which is designed primarily for retail investors and everyday cryptocurrency users that will significantly help hedge risks associated with volatility in the cryptocurrency market.

In addition, we want to give everyone an opportunity to be part of the BITRUST project and to attract ecosystem members from different parts of the world, from South Korea to Russia, Japan to Brazil, and further.

BITRUST tokens

The Ethereum ecosystem allows for the deployment of Turing-complete trustless smart contracts on top of its blockchain. This flexibility and extensibility has made the ERC20 token interface the most frequently-used token issuance standard.

Ethereum-based tokens rely on a well-established Ethereum infrastructure that benefits from several features:

- 1** Security and predictability (as opposed to, for example, having to run an independent blockchain network).
- 2** Use of robust and well-supported clients (Ethereum-based tokens can be managed with official Ethereum clients).
- 3** High liquidity (interchangeable with other Ethereum-based tokens or Ether), means easier listing on exchanges with existing infrastructure.

Crowdsale details

To finance the development and support of the BITRUST platform, a limited-supply sale of BTFs will be performed. The tokens will be created by BTF Project Limited, a UK-incorporated company. During the token sale, the accepted currency will be ETH, BTC and LTC. BTFs that are not acquired during the token sale will be burned automatically by the smart contract.

Pre-ICO

- 1** BITRUST pre-ICO phase will last for 30 (thirty) days.
- 2** A maximum of 20,000,000 BTF tokens, equivalent to 1,000 ETH, will be available during the pre-ICO phase.
- 3** Pre-ICO participants will receive a bonus of 100% on every investment.
- 4** During the pre-ICO phase, there is no minimum buy of BTF tokens.
- 5** The pre-ICO phase will start on 2nd March 2018 and continue until 31st of March 2018.

ICO

- 1** The BITRUST ICO phase will last for 60 (sixty) days, if a soft cap is not reached sooner.
- 2** The token creation will be soft capped upon receipt of ETH equivalent to EUR 6m, fixed at 6,000 ETH.
- 3** If the soft cap is reached before the end of the planned token creation period, additional contributions will be accepted for a period of 240 hours.
- 4** The token creation will have a hard cap of 12,000 ETH. Upon achieving this cap, token creation will stop and no further contributions will be accepted.
- 5** The ICO phase will start on 2nd of April, 2018 and continue until 31st of May, 2018, or until other smart contract conditions are triggered.

BITRUST token pricing model

Participants willing to support the development of the BITRUST platform will be able to purchase BITRUST tokens at the following rates:

- 1** Pre-ICO price: 1 ETH = 20,000 BTF (100% bonus).
- 2** 1st ICO installment until ETH 1000 milestone is reached: 1 ETH = 13,000 BTF (30% bonus).
- 3** 2nd ICO installment until ETH 3,000 milestone is reached: 1 ETH = BTF 12,000 (20% bonus).

- 4** 3rd ICO installment until ETH 6,000 milestone is reached:
1 ETH = BTF 11,000 (10% bonus).
- 5** After the soft cap is reached, the BTF sale continues at the standard rate of 10,000 BTF per 1 ETH for an additional 240 hours or until the hard cap is reached.

Token allocation

The tokens will be allocated among participants in the ICO, the BITRUST founding team, advisors, and members of the bounty program.

- 1** The maximum number of tokens created will be BTF 250,000,000.
- 2** The number of tokens available during the token sale will be BTF 150,000,000.
- 3** 60% of all tokens issued will be allocated to ICO participants.
- 4** 15% of tokens issued will be allocated to the BITRUST team and will be automatically locked for 24 months by smart contract.
- 5** 15% of tokens issued will be allocated to members of the bounty campaign, advisors, and towards ICO campaign costs.
- 6** 10% of all tokens will be automatically locked for 24 months by smart contract as a reserve for further development in the BITRUST platform or Secondary Coin Offering.

Use of funds raised during ICO

All funds raised by the sale of BTF tokens will be held by BTF Project Limited in cryptocurrency or fiat currency and will be used to finance the development of the BITRUST platform. It is expected that the funds will be allocated in the following way:

10%
Operations

10%
Legal

20%
Sales and marketing

60%
Product development

PRODUCT DEVELOPMENT TIMELINE

The BITRUST team will use funds raised through the ICO of BTF tokens to develop the platform. Our aim is to provide a risk mitigation solution for cryptocurrency enthusiasts, according to the development timeline outlined below. This product development timeline should not be considered final and is subject to change depending on the feedback we receive from our IT development team.

31.05.2018

Listing BTF tokens on exchanges

1

Our target is to list first on HitBTC and Bittrex and continue working towards listing on top exchanges such as YoBit, Liqu, LiteBit, and others.

31.07.2018

Further recruitment of BITRUST team

2

Our aim is to rent a bigger office space and recruit a team of top notch blockchain developers, web developers, and test engineers as well as operations and support staff to join our founding team.

30.09.2018

Minimum viable product

3

Development of a minimum viable product (MVP) to demonstrate a user interface and specific features of the BITRUST platform, collecting feedback from the cryptocurrency community for further refinement.

01.2019

Launch BITRUST platform

6

Development and launch of fully-functioning BITRUST platform.

30.12.2018

Grow the BITRUST support team

5

Establishment of a support office in London, and growth of the BITRUST marketing and business development team.

31.11.2018

Beta version of BITRUST platform

4

Development of a functional early version of the platform that contains most of the major features of the BITRUST platform.

Ongoing

BITRUST hedge funds partnership and business development

7

We will form strategic partnerships with hedge funds to further promote the BITRUST platform.

LEGAL

General information

We make every effort to ensure that any material in this white paper is accurate and up to date, but this material does not constitute the provision of professional advice. Investors and potential BTF token holders should seek appropriate independent professional advice prior to relying on, or entering into, any commitment or transaction based on information contained in this white paper. The information set forth below may not be exhaustive and does not imply any elements of a contractual relationship. The sale of BTF tokens is final and non-refundable. BTF tokens are not shares and do not give any right to participate in the general meeting of BTF PROJECT LIMITED. The purchaser of BTF tokens is aware that national securities laws, which ensure that investors are sold investments that include all the proper disclosures and are subject to regulatory scrutiny for the investors' protection, are not applicable. Anyone purchasing BTF tokens expressly acknowledges and represents that they have carefully reviewed this white paper and fully understand the risks, costs and benefits associated with the purchase of BTF tokens.

Regional restrictions

Citizens, nationals, residents (tax or otherwise) of any jurisdiction or geographical area which prohibits the possession, dissemination or communication of the available Information and/or prohibits participation in the Token Sale or the purchase of Tokens or any such similar activity (collectively the "Restricted Jurisdictions") or any other Restricted Persons are not permitted to participate in the Token Sale. The term "Restricted Persons" refers to any firm, company, partnership, trust, corporation, entity, government, state or agency of a state or any other incorporated or unincorporated body or association, association or partnership (whether or not having separate legal personality) that is established and/or lawfully existing under the laws of a Restricted Jurisdiction.

Knowledge required

The purchasers of BTF tokens undertake that they understand and have significant experience of cryptocurrencies, blockchain systems and services, and that they fully understand the risks associated with the token sale as well as the mechanism related to the use and storage of cryptocurrencies. BTF PROJECT LIMITED shall not be responsible for any loss of BTF tokens or situations making it impossible to access BTF tokens, which may result from any actions or omissions of the user or any person undertaking to acquire BTF tokens, including hacker attacks.

Important disclaimer

BTF tokens will not be intended to constitute securities in any jurisdiction. This white paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. BITRUST does not provide any opinion on any advice to purchase, sell, or otherwise transact with BTF tokens and the fact of presentation of this white paper shall not form the basis of, or be relied upon in connection with, any contract or investment decision. No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of BTF tokens, and no cryptocurrency or other form of payment is to be accepted based on this white paper.

BTF PROJECT LIMITED is not to be considered as an advisor in any legal, tax or financial matters. Any information in the white paper is provided for general information purposes only and BTF PROJECT LIMITED does not provide any warranty as to the accuracy and completeness of this information. BTF PROJECT LIMITED is not a financial intermediary and is not required to obtain any

authorization for Anti Money Laundering purposes. Acquiring BITRUST tokens shall not grant any right or influence over BTF PROJECT LIMITED organization and governance to the Purchasers.

Any person undertaking to acquire BTF tokens must be aware that the BTF PROJECT LIMITED business model, the white paper or terms and conditions may change or need to be modified because of new regulatory and compliance requirements from any applicable laws in any jurisdictions. In such case, purchasers and anyone undertaking to acquire BTF tokens acknowledge and understand that neither BTF PROJECT LIMITED nor any of its affiliates shall be held liable for any direct or indirect loss or damage caused by such changes.

BTF PROJECT LIMITED will do its utmost to launch its operations and develop the BITRUST platform. Anyone undertaking to acquire BTF tokens acknowledges and understands that BTF PROJECT LIMITED does not provide any guarantee that it will manage to achieve it.

Representation and warranties

By participating in the token sale and sending cryptocurrency to purchase BTF tokens, you represent and warrant that:

- 1** You have read carefully the terms and conditions attached to the white paper; agree to their full contents and accept to be legally bound by them;
- 2** You are authorized to purchase BTF tokens according to the laws and regulations that are applicable in your jurisdiction, including, but not limited to: (i) legal capacity and any other threshold requirements in your jurisdiction for the purchase of the BTF tokens, (ii) any foreign exchange or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained;
- 3** You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of BTF tokens;
- 4** You are not a citizen or resident of a geographic area in which acceptance of delivery of the BTF tokens is prohibited by applicable law, decree, regulation, treaty, or administrative act;
- 5** You will not use the token sale for any illegal activity, including but not limited to money laundering and the financing of terrorism;
- 6** You have sufficient knowledge about the nature of the cryptographic tokens and have significant experience with, and functional understanding of, the usage and intricacies of dealing with cryptographic tokens and currencies and blockchain-based systems and services.



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