TRADINGENE

WHITEPAPER

March 2018

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SUMMARY

1 A number of significant challenges have inhibited the development of a trading algorithm investment product[1]. These challenges include:

- the absence of opportunities for retail investors to invest in trading algorithms;
- platforms for developing algorithms are either high-cost or too basic to generate useful algorithms;
- a lack of market-based incentives for algorithm creators;
- a lack of transparency between algorithm creators and investors;
- the absence of a broad, active market for algorithms;
- a large number of "garbage" strategies and algorithms designed to defraud investors.

2 In short, algorithmic trading is not accessible to a wide range of investors on cryptocurrency and other markets.

TRADINGENE IS A BLOCKCHAIN-BASED AUCTION PLATFORM THAT MAKES POSSIBLE THE CREATION AND USE OF ALGORITHMS TO TRADE CRYPTOCURRENCY AND THE MOST POPULAR FINANCIAL INSTRUMENTS. TRADINGENE ADDRESSES THE AFOREMENTIONED PROBLEMS THROUGH AN ACCESSIBLE, TECHNOLOGICALLY ADVANCED, EASY-TO USE WEB PLATFORM FOR CREATING AND TESTING ALGORITHMS; ONLINE COURSES FOR ALGORITHM CREATORS; COMPETITIVE AUCTIONS FOR ALGORITHMS; AND A BLOCKCHAIN-BASED SYSTEM TO RECORD AUCTION RESULTS AND CONCLUDE SMART CONTRACTS BETWEEN ALGORITHM CREATORS AND INVESTORS.

3 Tradingene will make algorithmic trading accessible, transparent and equitable. Tradingene provides investors access to high-quality trading algorithms and provides algorithm creators with access to investors at fair prices. Tradingene expects to popularize trading algorithms as an investment product. Tradingene has already created a platform for evaluating and testing algorithms and a database of algortihms and creators.

4 A token offering starts on 16.05.2018 with a hard cap of $24MM. Pre-sale starts on 20.03.2018 at 11:00 a.m. UTC. For more detailed information and to propose customized terms for early investors, please contact us at **ir@tradingene.com**

[1] Investing through automated trading algorithms that buy and sell based on strategies expressed in the algorithms.

1 DISCLAIMER

Should you have any doubts regarding the actions that you shall take, please consult with your legal, finance, tax or other consultant.

The information herein may be incomplete, is not legally binding and in no way constitutes contractual relationships.

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TNG crypto-tokens will not be distributed or used in the territory of People's Republic of China or any other country or jurisdiction where such operations or using crypto-token are restricted.

We do not admit and do not intend to admit TNG crypto-tokens as security in any jurisdiction.

In this regard, if your participation in planned or conducted token sale may result in treatment or potential treatment of TNG crypto-tokens as security under the law applicable to you, you must stop using the TRADINGENE website, terminate your participation in the Project in any form and refuse to acquire and (or) hold TNG crypto-tokens on any right in your own interest or interests of another person. You should indemnify us and our affiliates (including management and project team) and hold harmless against all and any losses that could arise due to or in connection with the fact that TNG crypto-tokens are treated as securities in any jurisdiction based on the fact that you acquired any TNG crypto-token and (or) participated in the Project in any form.

This White Paper shall not constitute prospectus or proposal, as well as its objective cannot be an offer of securities or request for investments in a form of security in any jurisdiction. Nothing in this White Paper shall constitute advertising or marketing publication and does not anyhow relate to offering or bidding to purchase securities in any jurisdiction.

This White Paper is aimed only on description of the Project (technology solution) in development and its structure without expression of any opinion or promise on its feasibility, attractiveness and (or) relevance. We do not guarantee that the final product will meet your expectations.

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Information in the White Paper is based on publicly available information and shall not be deemed as a separate investigation.

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You should accept all risks related to acquirement of and operations with TNG crypto-tokens on your own prior to using information herein.

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Certain statements in this White Paper may constitute forward-looking statements, which are usually identified by the use of words as "is expected", "believes", "expects", "supposedly" "supposes" or similar phrases and statements. Such forward-looking statements or information may be affected by known and unknown risks and uncertainties which may influence materially on estimates or results implied or expressed in such forward-looking statements. We do not undertake any obligations on updating and review of such statements and information. We do not accept any liability for any losses that can be incurred due to use or reliance on such statements.

We have not conducted any independent verification in relation to White Paper or any issue reflected herein.

This White Paper is not legally binding, does not oblige anyone to execute any agreements, undertake any obligations in relation to disposal or acquisition of TNG crypto-tokens, or accept any other cryptocurrency or other payment arrangement.

This document may be translated into any language, in case of any contradictions English version shall prevail.

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POTENTIAL USERS ARE ENTITLED AND ENCOURAGED TO ASK QUESTIONS AND REQUEST NECESSARY INFORMATION THAT CAN ALLOW THEM TO MAKE AN INFORMED DECISION REGARDING THE PROJECT. FOR THESE AND ANY OTHER REASONS PLEASE CONTACT US AT **IR@TRADINGENE.COM**

2 INTRODUCTION

There are over 1,200 different cryptocurrencies in the world today. In 2017, many cryptocurrencies dramatically appreciated and aggregate capitalization of «digital money» exceeded $200 billion by October 2017. The capitalization of Bitcoin (BTC), the most liquid cryptocurrency, exceeds $100 billion and surpassed that of large-scale financial holdings such as Goldman Sachs ($92.9 billion) and Morgan Stanley ($89.1 billion)[2]. The market has many alternatives to Bitcoin ("BTC"), many providing opportunities for returns no less interesting or promising than BTC.

It's no surprise that these new assets and their impressive growth have triggered the emergence of cryptocurrency exchanges that have, in turn, attracted large and growing numbers of investors eager to profit from the volatile markets

of cryptocurrencies. This has led to an increase in access to and liquidity on cryptocurrency markets. On November 1, 2017, for example, BTC's daily trading volume exceeded $2.6 billion. New, ambitious cryptocurrencies continue to emerge, dding to the optimism of cryptocurrency traders.

> MANY LARGE FUNDS, INSTITUTIONAL INVESTORS, AND EXPERIENCED TRADERS USE ALGORITHMIC TRADING (INVESTING THROUGH TRADING ALGORITHMS THAT BUY AND SELL AUTOMATICALLY BASED ON STRATEGIES EXPRESSED IN THE ALGORITHMS). THIS FORM OF TRADING HAS A NUMBER OF SIGNIFICANT ADVANTAGES OVER MANUAL TRADING AND PROVIDES HIGH RETURNS WHICH ARE NOT PRESENTLY ACCESSIBLE TO THE PUBLIC, NOT ONLY ON CRYPTOCURRENCY MARKETS, BUT ALSO ON TRADITIONAL MARKETS.

algorithms in cryptocurrency and other popular financial instrument be made available to a wide range of people? and (ii) why hasn't anyone done this? This White Paper presents the details of Tradingene. We will explain why the answer to the first question is an unambiguous "yes". And we will explain the existing

problems facing those who wish to invest in trading algorithms on both traditional and cryptocurrency markets. We will also present our vision of the solution to these problems and explain the advantages of our platform for both algorithm creators and investors.

[2] https://www.cnbc.com/2017/10/13/bitcoin-market-cap-bigger-than-goldman-sachs-and-morgan-stanley.html

3 ADVANTAGES OF ALGORITHMIC TRADING AND PROBLEMS IN THE CURRENT MARKET

More than ninety percent of traders lose money. Many would say that the reason for this is markets' efficiency and any actions other than investment in a market portfolio will not result in above-market returns. But this is not the case, since a small percentage of traders regularly generate above-market returns.

There are many reasons traders generate losses, including these three most common reasons:

KNOWLEDGE

Successful people with little experience in financial markets often believe they can trade without any prior training. All that stands between them and a catastrophe are brokers looking to make a quick buck and a single click of the mouse. And these are not, obviously, the best protection.

MARKET ANALYSIS TOOLS

The huge variety of trading platforms and tools, offered without training and advice, causes frustration, ultimately resulting in a failure to use the most important capabilities of trading platforms. Traders often fail to create, test, optimize and run automated trading strategies. Switching to manual trading exposes them to the third and most devastating factor.

EMOTIONS

This is the indisputable favorite, a real serial killer of both newcomers and experienced market veterans. This was the cause of Black Monday in 1987 and the flash crash of 2010. Any failure to focus jeopardizes a trader's chances of success, and it is generally a matter of time before a trader encounters a situation that erases previous gains. Fear, arrogance, greed, pride and excitement are a few of the traps even the smartest traders fall into.

Is there any way to eliminate these? Yes! The answer lies in algorithmic trading. When traders develop trading algorithms, they study (for without market knowledge a successful algorithm cannot be built); they familiarize themselves with the tools available to traders and how these tools can aid in trading; and, most importantly, traders eliminate emotions from trading process: an algorithm doesn't rush to buy on a tip or panic after a series of loss-making trades. An algorithm is also not prey to euphoria after a profitable trade. To an algorithm, the only thing that matters is the strategy developed by its creator, to which the algorithm must strictly adhere. These are not the only advantages of algorithmic trading.
Additional advantages of algorithmic trading:

UNINTERRUPTED TRADING

Many markets trade around the clock and cryptocurrencies are even traded on weekends. Unlike a human, a trading algorithm trades 24/7 without losing focus or growing tired.

ACCURACY

The algorithm doesn’t confuse «buy» and «sell» buttons, doesn’t forget its strategy in search of a quick win and doesn’t accidentally add zeroes to an order (no fat fingers).

DECISION-MAKING SPEED

An algorithm reacts to signals far more quickly than a person. During volatile periods and crises this may be a key factor in preserving capital and generating positive returns.

FLEXIBILITY

Modern strategies based on machine learning and neural networks easily adapt to constantly changing market conditions.

PORTFOLIO OF ALGORITHMS

Like any other investment product, algorithmic trading can be based on a portfolio of algorithms, providing the benefits of diversification and offering unique risk-return combinations.

Ed Seykota [3] and Perry Kaufman[4] are prime examples of successful investors who use trading algorithms. Furthermore, hedge funds, such as Bridgewater, Citadel and Two Sigma Investments use trading algorithms and are amongst the most profitable funds globally.[5]

Despite the advantages of algorithmic trading, the increasing liquidity and capitalization of digital currencies, and the high technical competence of cryptocurrency market participants, algorithmic trading hasn’t yet taken over cryptocurrency investors or markets. The emerging cryptocurrency market has numerous imperfections that have prevented algorithm creators and investors from interacting successfully. Those imperfections include the absence of standardized APIs and high transaction costs. Also, algorithm creators do not have access to high-tech environments for developing and testing strategies nor do they have effective mechanisms for fund-raising. And investors lack access to investible trading algorithms. Our project aims to solve these challenges.

[3] https://en.wikipedia.org/wiki/Ed_Seykota

[4] http://perrykaufman.com/bio/

[5] https://www.forbes.com/sites/nathanvardi/2017/02/01/quants-start-to-take-over-list-of-most-successful-hedge-funds/#5feeba355e00

4 ABOUT THE PROJECT

4.1. Origin of the project

We are traders. Many members of our team have been trading for years, experiencing ups and downs, euphoria and disappointment. We have adhered to different strategies and methods, but to one dream: to abandon manual trading in favor of algorithmic trading. **In the pursuit of our dream we encountered one fundamental problem – retail investors do not have affordable access to investible trading algorithms.** That's why in 2015 we decided to develop our own product - the Tradingene platform.

> TRADINGENE IS A BLOCKCHAIN-BASED PLATFORM DESIGNED TO BRING ALGORITHM CREATORS AND INVESTORS TOGETHER ON AN AUCTION-BASED MARKETPLACE AND TO SATISFY INVESTORS' AND CREATORS' KEY REQUIREMENTS. OUR GOALS ARE: (I) TO PROVIDE QUALITY OPPORTUNITIES TO RETAIL INVESTORS WHO WISH TO INVEST USING TRADING ALGORITHMS; (II) TO PROVIDE ALGORITHM CREATORS WITH OPPORTUNITIES TO DEVELOP, TEST AND SELL TRADING ALGORITHMS; AND (III) TO CREATE THE CONDITIONS FOR MAXIMALLY EFFICIENT, TRANSPARENT AND PROFITABLE INVESTMENT IN TRADING ALGORITHMS.

4.2. Project achievements

Our team has achieved remarkable results in our three years of product development. We have attracted more than 300 algorithm creators from leading global universities, mathematicians and programmers experienced in creating trading strategies, and actively collaborated with them in developing our product. To date, over 2,000 algorithms have been developed and tested on our platform.

Tradingene is ready for use by algorithm creators. In the coming years, we will grow and improve our trading platform and perfect its capabilities for optimizing trading strategies.

We have developed an AI-driven system that evaluates and rates algorithms, which will simplify the selection of appropriate algorithms by investors. Algorithm creators are provided assistance in determining appropriate success fees, allowing them to attract capital at an optimal price.

Furthermore, Tradingene has developed a unique online course "Exchange Trading using Machine Learning." The course teaches any user with advanced skills in mathematics, statistics, programming or other applied sciences how to create trading algorithms using various exchange instruments, even if the user lacks meaningful experience in financial markets. Over 300 creators have completed the course.

The Tradingene platform is based on the most up-to-date and secure protocols, which provides for efficient data exchange between trading algorithms and platform users in real time.

4.3. The time for investing in crypto has ended, it's time to trade!

Cryptocurrencies attract more and more buyers every day. At the same time, the market may soon reach the point where trading cryptocurrencies, given their high volatility, will be more profitable than investing. This trend is already clear over short intervals. Given increasing liquidity, diminishing spreads and reduced transaction costs, we expect to see substantially more trading activity in the near future.

4.4. Project Plans

Tradingene is pursuing the ambitious goal of creating an active marketplace for trading algorithms. As our platform develops and improves, we will bring to the market significant innovations:

- Access to investing in trading algorithms for retail investors.
- Access to algorithmic trading on the cryptocurrency market.
- Free access to an advanced web environment for development and testing of trading algorithms.
- The opportunity to attract investors directly to trading algorithms.
- A transparent marketplace that uses blockchain technology and provides the ability to attract capital at prices determined at auction.
- Popularization of trading algorithms as a popular investment product.
- Creating and supporting a large community of algorithm creators and investors on the Tradingene platform.

5 PLATFORM

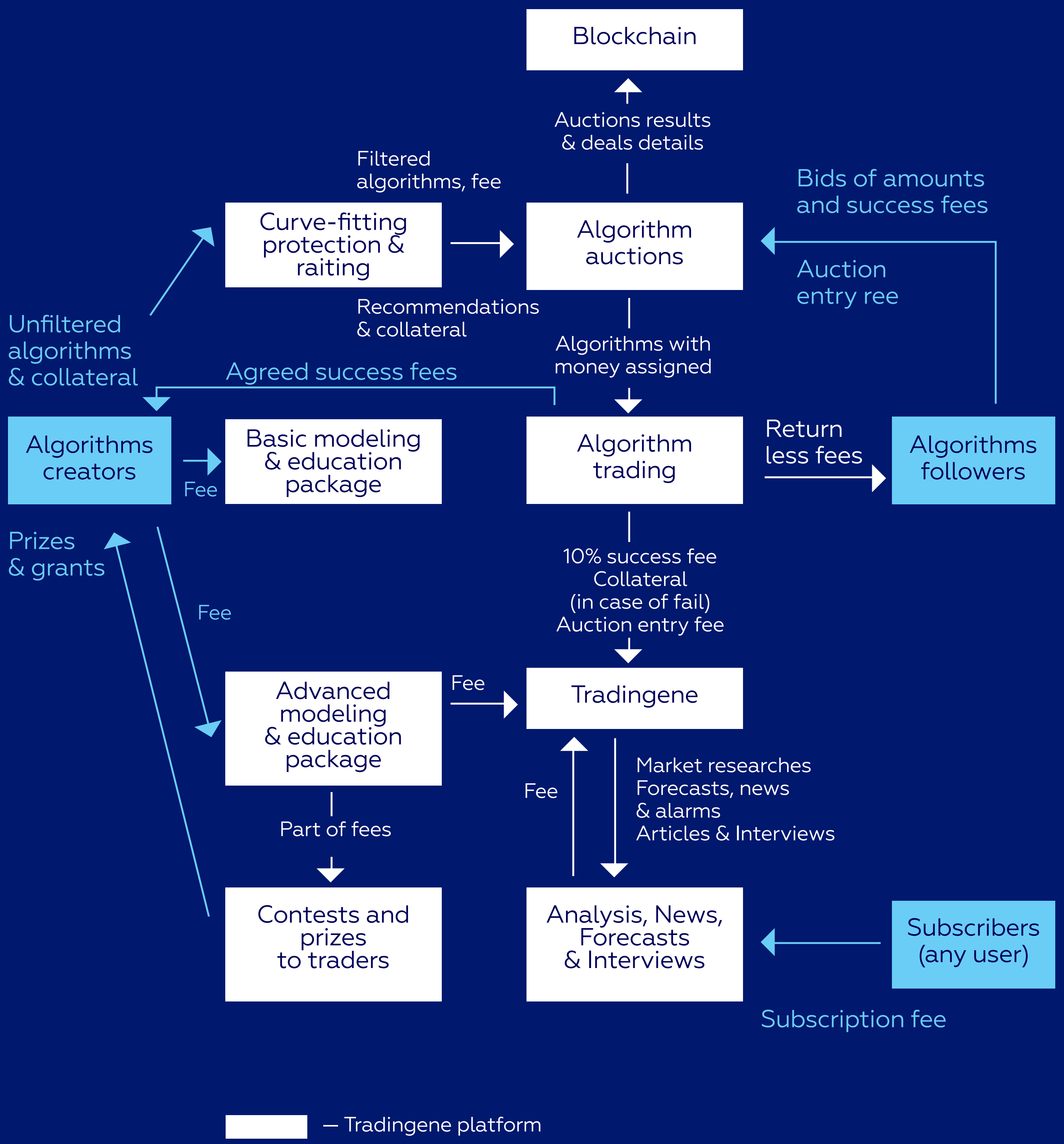
5.1. Business Model

TRADINGENE'S MISSION IS TO UNITE ALGORITHM CREATORS AND INVESTORS ON OUR PROPRIETARY MARKETPLACE. THE MARKETPLACE WILL ALLOW INVESTORS TO INVEST USING TRADING ALGORITHMS, AND ALGORITHM CREATORS WILL BE ABLE TO TEST THEIR STRATEGIES AND TO RAISE CAPITAL. THUS, TRADINGENE WILL REDUCE TRANSACTION COSTS, ENSURE MORE EFFICIENT DEPLOYMENT AND USE OF CAPITAL, AND PROMOTE TRADING ALGORITHMS AS AN INVESTMENT PRODUCT.

The business model: the platform provides algorithm creators with an opportunity to develop and test their strategies using an AI-based, user-friendly interface. Once developed and tested, approved algorithms will be put up for an auction where investors choose the most appropriate algorithm (or portfolio of algorithms) based on their risk-return profile. All investor trades are generated by algorithms and made on investors' brokerage or exchange accounts. Investors will pay a success fee to the algorithm creator and platform if positive returns are generated.

Tradingene will generate income in success fees from profitable algorithms, from auction participation fees, and from subscription charges for advanced modeling packages provided to creators. We will also sell analysis and market reviews to investors.

The business model fits into the current trend of economic Uberisation. The marketplace of trading algorithms will connect key market participants in algorithmic trading – algorithm creators and investors – eliminating processes and intermediaries that do not add value to the product.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Forecasts, news
& alarms
Articles & Interviews
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prizes
to traders
Analysis, News,
Forecasts
& Interviews
Subscribers
(any user)
Subscription fee
— Tradingene platform

5.2. Services for Platform Participants

The Tradingene platform provides algorithm creators with access to both a basic modeling package and an advanced modeling package, the latter of which optimizes the development process.

Services available to algorithm creators:

Basic modeling package (free of charge)

- A basic set of modeling tools using programming languages Lua and Python (sufficient for fundamental development);
- Access to historical data;
- Online training based on the company's proprietary materials and courses;
- Stipends and incentive programs.

Advanced modeling package

- Unlimited access to algorithmic modeling tools and CPU time;
- Access to non-market data;
- Capacity for highly complex calculations;
- Advanced analytical options;
- Webinars;
- Participation in auctions.

Services available to investors

- Participation in auctions of algorithms tested by the platform and connection of purchased algorithms to an investor's trading or brokerage account;
- Subscriptions for newsletters and market analysis. Subscription options include requests for forecasts relating to specific financial instruments; forecasts generated by Tradingene's machine learning systems; and market infographics. Investors will also be able to receive some signals and alerts from algorithms (without direct connection to their trading or brokerage account).

All Tradingene marketplace participants can participate in algorithm auctions as follows:

An algorithm creator puts an algorithm up for auction, placing a deposit which is non-refundable if the strategy turns out to be unprofitable at the end of its minimum investment period (this period is specified by the creator and could be, for example, three months). Investors participate in closed auctions, making bids for algorithms that interest them (bids include the size of the proposed investment and the terms of the success fee, all of which is entered onto the blockchain in real-time). The platform evaluates all bids and identifies auction winners. The terms between the investor and the algorithm creator are then fixed in a smart contract, making the terms unalterable and uncensorable. Following the end of the auction all bids are disclosed (maintaining the anonymity of the bidders) to other participants to ensure transparency.

5. 3. Functionality

Tradingene is a multifunctional platform that provides the ability to develop trading algorithms from scratch, auction algorithms and transmit trading signals.

The following is a list of existing and pending platform features :

1. Algorithm programming in a web environment with programming libraries containing fundamental functions and methods;

2. Algorithm testing for cryptocurrencies or financial instruments on a set time interval (as small as one minute) on the platform server;

3. Optimization of algorithmic parameters for cryptocurrencies or financial instruments on a set time interval on the platform server;

4. Yield curve and trade chart generation;

5. Result and data download in csv format for further analysis;

6. Generation of advanced algorithm analysis including:

6.1. Maximum favorable / adverse excursion;

6.2. Dates and times of best trades;

6.3. Analysis of trade sequences, their structure and distribution;

6.4. Analysis of trades over time, etc.

7. An algorithm assembler;

8. Filtering of algorithm creators by investors by key parameters: time on the platform, number of successful algorithms, amount of funds raised, etc.;

9. Filtering of auctions using algorithms' key parameters: financial instrument, projected profitability, risks, Sharpe ratio, strategy type, number of trades per day, etc.;

10. Algorithmic portfolio assembly, using algorithms already purchased and open auctions;

11. Pooling of retail investor funds for collective investment (for those investing less than ten thousand dollars);

12. Record of algorithm purchase and history of returns;

13. Educational courses on algorithmic trading;

14. Market research for faster and more efficient work by algorithm creators and easier selection of algorithms by investors.

The platform's capabilities will not be limited to this list and will be constantly updated and improved.

5. 4. Token. Economic Model.

The platform token TNG is used as follows:

- Payment of fees for platform services;
- Assignment of VIP status (VIP status is assigned to an ICO investor if he or she invests and holds tokens equivalent to $30k; VIP status provides access to various platform services for free or at a significant discount).

All platform service prices are set in fiat currency. Any charges are calculated based on current token exchange rate.

The total number of tokens is limited.

Fluctuations in the token's value will not affect platform users as service charges will be linked to current crypto/fiat currency-to-token exchange rates. Tradingene will permit payments to creators' success fees in crypto or fiat currencies.

Tradingene reserves the right to sell only part of the token issue during ICO and to retain the share for later sale. Tradingene reserves the right to buy some tokens out of the market using ICO returns.

Platform service charges shall be paid in tokens only. Given the limited emission of tokens, token appreciation will depend on the size of the marketplace and the returns of algorithms. Tradingene is focused on increasing the number and effectiveness of algorithms on the marketplace. In addition, token supply will be further limited by big ICO investors' desire to retain their VIP-status.

5. 5. Benefits for Algorithm Creators

Tradingene enables algorithm creators to focus on their primary task – developing and testing trading strategies. They don't need to think about exchange connections, data retrieval or sending trade orders – these are all taken care of by Tradingene.

Tradingene is designed to provide access to capital. Algorithm creators will not have to search for investors willing to invest in their algorithms. Furthermore, algorithm creators are completely free from market risks: their main investments are the time and intellectual effort spent to develop and debug their algorithms.

Tradingene ensures marketplace transparency. Algorithm creators get an honest assessment of their work. Provided a strategy is successful and profitable, an algorithm creator will be rewarded with a success fee. Algorithm creators can clearly track the amounts traded with their strategy and the profit earned by it.

The platform provides a user-friendly interface and simple tools for algorithm development using the Lua and Python programming languages. In addition, the Tradingene library of indicators contains the most popular and efficient methodologies and will continue to expand.

Algorithm creators can also team up to develop algorithms on our platform. Do you have great programming skills but lack trading ideas? Collaborate with a person with deep market understanding, a wealth of trading ideas and no programming skills. The reverse is also possible: if you have trading experience and have strategies you wish to automate, but lack programming skills, you can find a programming partner on the platform. Create your strategies in collaboration based on full transparency (the platform will provide smart contracts among algorithm creators to ensure trust amongst team members).

5. 6. Advantages for Investors

Investors will have the opportunity to choose and invest in trading algorithms which best match their risk-return profile. Before being put up for an auction, algorithms are evaluated by our AI-based platform with out-of-sample testing which considerably reduces the risk of curve-fitting.

Transactions take place exclusively on investors' brokerage or exchange accounts, providing security and reliability for all trades.

Potential misunderstandings between investors and algorithm creators are minimized by the system's transparency: all financial agreements, investment amounts and fees are fixed on the blockchain and protected from alteration, fraud, and deletion.

The platform already contains a substantial number of trading strategies for different financial instruments (including cryptocurrency). The system evaluates and rates each strategy. All ratings are calculated using a formula disclosed to Tradingene users.

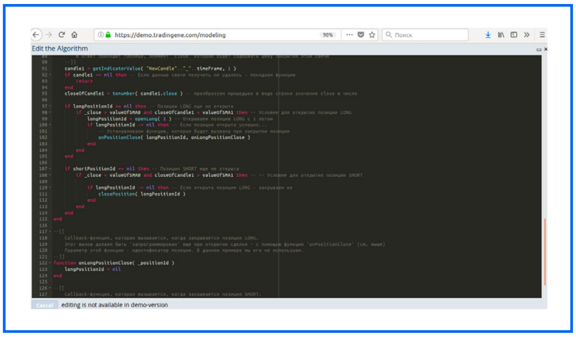
Tradingene plans to offer additional features to make the investment process even easier and more profitable. These features will include regularly distributed analyses of financial markets and specific financial instruments.

Machine learning and Neutral Networks are used to substantially improve the platform's flexibility, allowing for constant improvements in decision-making and adaptation to changing market circumstances.

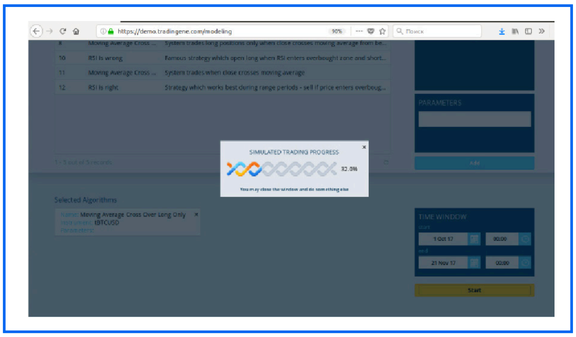
5. 7. The Test Engine

The Tradingene platform's test engine differentiates it from its competitors, enabling users to evaluate and use numerous functions and capabilities. On Tradingene.com's website potential creators can use the demo version to view an algorithm creator's profile, which in turn provides access to the following interfaces:

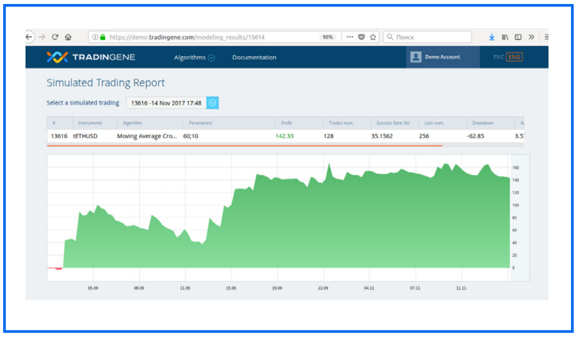
ALGORITHM DEVELOPMENT USING LUA AND PYTHON PROGRAMMING LANGUAGES



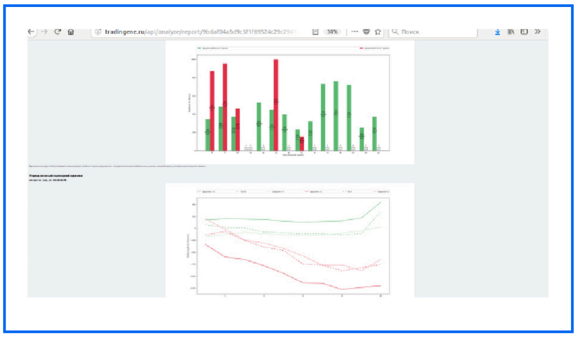
ALGORITHM MODELING BASED ON HISTORICAL AND ACTUAL DATA

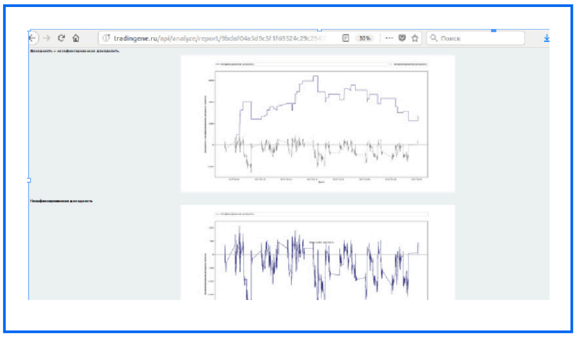


MODELING RESULTS



ADVANCED ANALYTICS MODELING





DOWNLOAD OF TRADES AS A CSV FILE

DOCUMENTS AND API

5. 8. Online Educational Courses

For people without experience in creating algorithms and for those who want to take a closer look at algorithmic trading, we created our "Quantitative Researcher" course. After taking the course, anyone can try on the role of algorithm creator. If their algorithms prove to be successful, they can offer them to Tradingene marketplace participants and generate income from investors. In the framework of the online course, we explain the basic principles of exchanges, describe the trading of cryptocurrencies, shares, and other financial instruments, and relate which algorithmic trading opportunities exist in current markets (including crypto markets). During the course, we provide technical support and answer any questions that arise. Upon completion of the course, participants may take a qualification test. Users who pass the course receive a certificate confirming their knowledge.

5. 9. Machine Learning and Its Advantages

Machine Learning is one of the areas of artificial intelligence which explores ways to create self-learning algorithms. Such systems analyze data provided to them, identify patterns, generalize data and create rules that enable them to solve problems. There are different approaches to Machine Learning. For instance, neural networks can simulate our nervous system and consider previous experiences, making fewer mistakes over time. The majority of Internet users employ machine learning on a daily basis: GPS maps, music recommendations, Google's contextual advertising, and news notifications represent a small sample of current products and services based on Machine Learning.

On Tradingene's platform Machine Learning provides a number of advantages to users:

- The ability to develop sophisticated mathematical models that serve as the basis for adaptive trading algorithms;
- Evaluation of algorithm quality, profitability and ranking on the basis of financial modeling over historical periods and periods of actual trading;
- Algorithm recommendations based on investor profiles. The system bases recommendations on an investor's age, risk appetite, return expectations, frequency of platform use, geographic location and financial instruments of interest.
- Algorithm recommendations based on an investor's current Tradingene algorithms, including recommendations for a portfolio of algorithms to help improve investor returns and optimize risk-return.

5. 10. Technical Implementation

In order to facilitate the development of algorithms, we have created a collection of libraries and tools, some of which are publicly available. The collection includes:

- A toolkit allowing creators to program trading algorithms in Lua and Python and to simulate algorithmic trading using historical and real-time data, generating statistical data, data visualization and projected returns.
- Taft, Python's technical analysis, research and simulation framework for algorithmic traders (https://pypi.python.org/pypi/taft).
- The Python-library Tnn (https://pypi.python.org/pypi/tnn), for algorithm trading using neural networks. Tnn uses a toolkit enabling prior data processing with Taft, creation of neural networks with set and random settings, training networks with different optimization techniques (Gradient Descent, Adam etc.), data preservation and visualization. This library was created using the TensorFlow framework.

All of this will allow algorithm creators to easily develop and test trading strategies.

The fundamental elements of our blockchain-based service will be the ability to trade using algorithms purchased at auction in our market place and the conclusion of a smart contracts between creators and investors relating to acquired algorithms.

Auctions work as follows:

A creator uploads an algorithm to the platform and sets a limit for funds to be traded using the algorithm.

Investors bid in a closed auction (bids include an investment amount and a proposed success fee). Bids are entered onto the blockchain, in such a way that the number of bids is shown, while details of each bid are hidden.

The platform evaluates the bids and identifies the winners.

Following the auction the encryption keys are disclosed to all auction participants, allowing them to check the winning bid's parameters, thus excluding any doubts in transparency of the auction process. Bidders' identities remain anonymous.

Winning investors and the algorithm creator enter into a smart contract. The following data is encrypted on the blockchain:

- the selected algorithm;
- the investment amount;
- the success fee to be paid to the algorithm's creator;
- terms governing investor exit from the algorithm.

The smart contract, once entered onto the blockchain, is not subject to termination or alteration without agreement between the parties: trades will proceed using the selected algorithm. As a result, the system ensures that both the algorithm creator and the investor trades that transparently reflect the algorithm's signals. The system will also record a creator's track record.

Algorithm creators will earn profit based on the performance of their algorithms, and investors will know that their fees reflect the results of the algorithms they purchased.

Blockchain technology guarantees transparency and immutability.

For algorithm testing we plan to use the EOS and GOLEM distributing networks, thus ensuring scalability with respect to both the number of algorithms and modeling. In addition, we plan to use Filecoin and Storj for distributed storage of algorithms.

6 ECOSYSTEM ANALYSIS

6. 1. Market history (a.k.a. where are we?)

Exchange trading originated in ancient Japan and, as with most human activity, evolved significantly over several thousands of years. We have moved from drawing price fluctuations on paper and yelling in exchange pits to neural networks, machine learning and fully automated exchanges. And during the last few decades, the financial industry has changed beyond recognition.

Why did these changes occur? All are based on investors' desire to maximize returns. All investors want to lower transaction costs, use better analytical tools and, most importantly, to remove their emotions while retaining their intuition and experience in trading algorithms.

Where are today's financial markets? Today everyone has access to global markets and uses modern technology to develop sophisticated trading algorithms. For talented traders, attracting capital remains a major challenge.

And where is the cryptomarket? Cryptocurrency exchanges are decentralized (that's like the 1980s), transaction costs are high, trading is mostly manual (that's like the 2000s) and cryptocurrency analytical tools have kept pace with other markets (since this is easy to implement). For crypto traders, attracting capital is all but impossible today.

6. 2. Competitive analysis and addressing the market's problems

Why do we believe there is space for another platform in the market?
(a.k.a. what is wrong with existing platforms?)

As noted above, the market today has achieved stunning results in the development of trading strategies (even on cryptocurrency markets). Just about anyone can create a trading algorithm, even in the absence of programming abilities. A neural network is a bit harder to develop, but it is possible.

Then what's the problem?

THE PROBLEM IS THE ABSENCE OF OPPORTUNITIES FOR RETAIL INVESTORS TO INVEST IN TRADING ALGORITHMS FOR CRYPTOCURRENCIES AND OTHER POPULAR FINANCIAL INSTRUMENTS. MOST OF THE CAPITAL INVESTED IN ALGORITHMS IS THAT OF LARGE INSTITUTIONAL INVESTORS AND FUNDS. THE FEW EXISTING PLAYERS OFFERING TRADING ALGORITHMS TO INVESTORS HAVE ONE OR MORE OF THE FOLLOWING PROBLEMS AFFECTING BOTH INVESTORS AND CREATORS.

Problem 1

Sophisticated trading terminals do not provide access to investors

The vast majority of trading terminals are designed by brokers seeking to attract clients and generate trades. They focus on developing a good platform for traders rather than creating a mechanism for fundraising.

Problem 2

Platforms which provide the opportunity to invest in trading algorithms have either poor signals transmission or weak analytical frameworks

Platforms which offer investment opportunities either use a third-party trading platform or develop their own platform. In the first case, frequent failures in signal transmission are common. An investor may therefore open or close a trade much later than the algorithm proposes. Sometimes signals are lost completely. In the second case, platforms rarely have signal transmission issues, but they usually don't provide algorithm creators with a high-end environment for strategy development and modeling. As a result, algorithm development becomes a headache, considerably slowing down the development process and, occasionally, forcing potentially successful algorithm creators to leave the platform.

Problem 3

Sophisticated platforms which offer investment opportunities are expensive

There are several platforms in the market that have implemented an adequate environment for algorithm development. Their problem is pricing, at times reaching nearly $300 per month. This price intimidates inexperienced algorithm creators as they pay to help others make money, since these platforms have transparency issues.

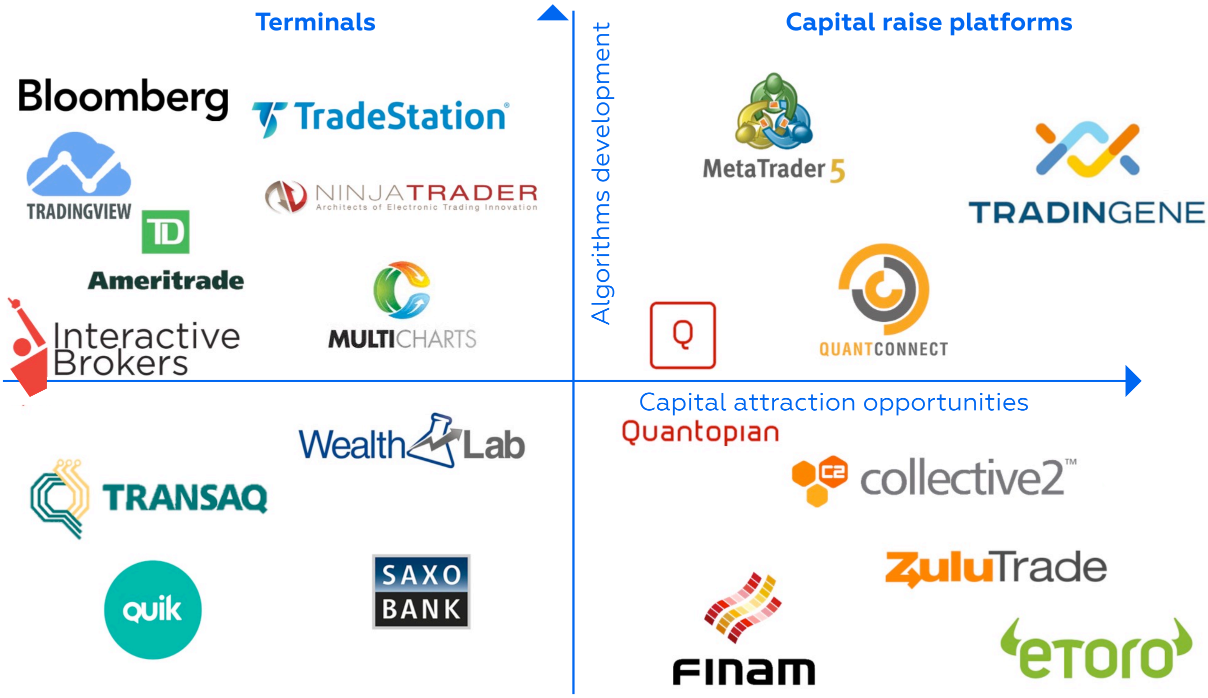
Solutions 1-3

Tradingene offers one solution to all three problems. We provide free access to a comprehensive development environment, built by an experienced team and implemented on our own platform. As a result, we offer:

1. An advanced environment providing the ability to create trading algorithms quickly and efficiently. Moreover, we not only provide a comfortable platform, we assist creators in developing effective trading algorithms. Our database has a large number of strategies that can be used to analyze the structure of markets and as templates or starting points for algorithm creation. We also realize that success for our algorithm creators is inseparable from our own success, so we are constantly educating our creators.

2. Our platform is web-based, precluding signal transmission failures or software problems.

3. All essential tools are available free of charge. Algorithm creators can develop decent trading strategies using Tradingene. If algorithm creators want to conduct deeper strategy analysis, they can buy advanced modeling packages for a small fee (one substantially lower than our competitors').



Problem 4

All platforms have transparency issues

As stated above, algorithm creators refuse to pay for expensive platforms, since these platforms lack clear, transparent paths to income. Platforms that invest their own funds have unrealistic expectations for algorithms, while other platforms which serve as intermediaries don't review algorithms. This leads to serious issues, which are exacerbated by improper incentive systems.

Solutions 4

Our platform ensures transparency through the auction process and the use of smart contracts. Auctions guarantee the best terms for creators, while smart contracts capture and control the agreement between an algorithm creator and an investor.

That said, we do not judge algorithms. We do not demand a Sharpe ratio at the level of 3 or 4, nor do we require failure rates of 5%: investors decide which algorithms meet their risk appetite.

Problem 5

Demotivational fee structures – platforms exploit either algorithm creators or investors

All platforms live off of algorithm creators or investors (and sometimes both). Platforms often charge a monthly subscription to transmit trading signals. Such fees are not related to the quantity of investment an investor makes. Whether a million dollars or a thousand, an algorithm creator generates between 100 and 300 dollars per subscription. An alternative structure includes a fee for each transaction. Those mechanisms of profit distribution shift algorithm creators' motivation. Algorithm creators strive to develop curve-fitted algorithms based on historical data to gain top ratings and attract monthly subscribers. Such procedures can be repeated every month - and investors will never earn a cent. The same scheme is possible with platforms that get paid for transactions.

In general, creators of truly profitable algorithms do not receive their just reward.

Such pricing mechanisms may create questions for investors as well. For an investor with substantial capital, $300 for a subscription is not meaningful, while an investor with only $1000 would pay thirty percent of his capital to subscribe. An algorithm would have to generate a 43% monthly return for the investor to break even. As a result, investors with limited capital cannot afford to use such services.

Solutions 5

Tradingene focuses on long-term collaboration. All algorithm creators generate success fees for profitable algorithms. Moreover, the success fee is set by the market. Have you created an amazing algorithm? Demand a larger fee. Do you plan to invest a considerable amount of money? Demand a smaller fee. We provide success fee recommendations based on our ratings (the formula for which is publicly available as we value transparency). We believe this system motivates algorithm creators to deliver quality work while investors find themselves in a fair, competitive marketplace.

Problem 6

A large number of «garbage» and curve-fitted trading algorithms

It is harder to find a profit-making strategy on the biggest platforms than to find a needle in a haystack. For the reasons described above, far more systems target short-term gains rather than sustainable returns. Many algorithm creators use a high number of indicators to curve-fit strategies to a certain instrument and a certain period. As a result, the selection of trading algorithms at such platforms is more like Russian roulette than an intelligent decision.

Solutions 6

Appropriate incentive structures will reduce the quantity of low-quality algorithms. Trying to promote a curve-fitted algorithm on our platform would be senseless, and unethical algorithm creators will not spend time trying to put garbage up for auction (they will prefer other platforms that can generate income without returns, so our platform will stay uncorrupted). Furthermore, all algorithms will be evaluated using out-of-sample testing. This approach should minimize curve-fitted strategies and data mining.

In addition, an algorithm creator will provide collateral to put an algorithm up for auction. The collateral is forfeited if an algorithm is unprofitable after the minimum investment period specified by the creator. This will encourage algorithm creators to specify an optimum minimum investment period, since a longer term will help preserve their collateral – but will likely scare investors and the short-term investment periods will have the reverse effect.

Problem 7

Many platforms offer manual trading signals transmission

It is also worth noting that many platforms do not distinguish between manual trading and algorithmic trading. As a result, investors take both market risk and the risk of impulsive trades.

Solutions 7

We offer only algorithmic trading. Our platform simply doesn't support manual signals transmission.

AS A RESULT, TRADINGENE HAS IMPLEMENTED A NUMBER OF INNOVATIONS ALLOWING US TO ADDRESS THE PROBLEMS WE SEE ON THE MARKET.

Trade system development technology								
Name	Ninja trader	Trade station	Trading view	Quan-topian	Quant connect	Collec-tive2	Etoro	Ameri trade
Backtest and optimization	High	High	Low	Avg.	Avg.	Avg.	Low	High
Usability	High	High	High	Avg.	Avg.	Avg.	Avg.	High
Possibility of automatic trading using algorithms	No	No	No	No	No	Yes	Yes	No
Algorithms can attract investment	No	No	No	Low	Low	Low	Avg.	No
Algorithm creators earn based on invested capital	No	No	No	Yes	Yes	Yes	No	No
Resource availability	High	Low	High	Avg.	Avg.	Avg.	High	Avg.
Trading and education	No	No	No	Yes	Yes	Yes	No	No
Quality community	Yes	Yes	Yes	No	No	No	Yes	Yes

Trade system development technology								
Name	Ninja trader	Welath Lab	Meta Trader	Zulu trade	Finam	Quik	Tran-saq	Bloom-berg
Backtest and optimization	High	Low	High	Low	Low	Low	Low	High
Usability	High	Low	Avg.	Low	Low	Low	Low	Avg.
Possibility of automatic trading using algorithms	No	Yes	Yes	Yes	Yes	Yes	Yes	No
Algorithms can attract investment	No	Low	High	Avg.	Avg.	No	No	No
Algorithm creators earn based on invested capital	No	No	No	No	No	No	No	No
Resource availability	Low	Avg.	High	High	High	Avg.	Avg.	Low
Trading and education	No	No	No	No	Yes	No	No	Yes
Quality community	No	No	Yes	Yes	No	Yes	No	Yes

7 MARKETING STRATEGY

Tradingene is working to develop a quality product within an active and loyal community and a highly developed network of partners. Our goal is long-term, sustainable growth. To achieve our goal we will be using a number of marketing strategies:

- Partnership with major crypto exchanges. Integration of the Tradingene service, providing the ability to trade using our algorithms on a given crypto exchange. We will make announcements about such agreements and new partnerships in the media.
- Tradingene token issue on major cryptocurrency exchanges. Marketing strategy supporting token price (community collaboration, publications in leading media, creation and ensuring regular demand on the platform).
- Demo-version access for investors.
- Purchase of banner advertising at traditional and cryptocurrency exchanges.
- Attracting potential algorithm creators through content marketing (publications about the service in the company's blogs, on relevant forums and in the mass media).
- Participation at relevant events and conferences: speaking, partnership and sponsorship at leading events.
- Contextual advertising.
- Targeted advertising on social networks.
- Working with our advisory board on a regular basis to enhance the platform.
- Working with opinion leaders. Soliciting assessments of Tradingene by well-known crypto and algorithmic traders, famous bloggers and blockchain evangelists.
- Organizing Tradingene conferences for creators and investors with a view towards forming a loyal community.
- Traffic analysis via geolocation. Working with major local communities in different countries through publications in local media. Personal engagement with interested communities by Tradingene's team.
- Establishing a loyal and active community on the platform, one actively engaged in sharing ideas and experience as well as collaborative algorithm development, building upon investors' requests.

8 ROAD MAP

2015 — PROJECT START-UP

Q2 2015 — Product conception. System architecture development.

Q3 2015 — Test enviroment launch of algorithm creators. Development of the first algorithms.

Q4 2015 — Connection to stock exchanges. Development of trading platform and the system's core elements

2016 — DEVELOPMENT OF USER INTERFACE FOR ALGORITHM CREATORS

Q1 2016 — Closed Beta-test among the initial algorithm creators. Algorithm programming in Lua language.

Q3 2016 — Application of Machine Learning strategies and development of user interface for algorithm creators.

2017 — ICO PREPARATION

Q1 2017 — Tradingene public product launch for algorithm creators.

Q2 2017 — Launch of online educational course for algorithm creators.

Q3 2017 — Broadening of financial instruments for algorithm creation. Draft documentation for users.

Q4 2017 — Development of user interface prototype for investors

ICO. INVESTORS INTERFACE DEVELOPMENT.

2018

Q1 2018
ICO Preparation

Q2 2018
ICO. Introduction of algorithm development in Python, Improvement of beta test environment. Connection to cryptocurrency exchanges. Marketplace and mobile application development.

Q3 2018
Launch of mobile applications and Telegram bots for investors. Launch of analytic products, forecasts, alerts bots.

Q4 2018
Launch of Algorithm Auctions with auction results and smart contracts entered onto blockchain.

2019 — TRADING OF CRYPTOCURRENCIES EXCHANGES BEGINS.

Q1 2019
Connection to stock markets and futures exchanges.

Q2 2019
Integration with brokerage platforms.

Q3 2019
Cooperation with other blockchain services for algorithmic processing and algorithm storage.

Q4 2019
Expansion of opportunities for algorithm purchase and platform-based fund of algoritms creation.

+ 2020 — GEOGRAPHICAL EXPANSION OF TRADE PLATFORMS, GROWTH OF USER BASE, AND BROADENING OF ASSETS TRADABLE BY ALGORITHM.

9 PROJECT TEAM

Daniel L. Wolfe

CEO & Co-founder

is a businessman with more than 25 years senior managerial experience, co-founder of the Simoleon Long-Term Value cryptocurrency investment fund, former COO of Troika Dialog Investment bank, former Senior Managing Director and Co-founder of Alfa Capital Partners. Member of the Board of Directors of UC Rusal and PAO Quadra.

Roman Burtsev

Business Development & Co-founder

has more than 20 years' experience in project management and investment deals; founded several successful companies. Member of the Board of Directors and partner at Knight Frank.

Sergey Kuzmin

COO & Co-founder

has more than ten years' experience in asset management and private capital management on the US, European and Russian markets; more than five years of experience in algorithmic trading.

Oleg Bashmurov

CTO

has more than 20 years software development experience. Eight years in Parallels, more than seven years of experience working with payment systems and financial instruments.

Ruslan Mikhailov

Head of market research & trading

has more than six years' experience in managing funds on futures exchanges through trading algorithms, has CFTe and FRM certificates. Winner of the Bronwen Wood Memorial Prize awarded by the Society of Technical Analysts.

Ilona Ovsepyan

CAO

has more than fourteen years' experience in international consulting companies (Big Five), has extensive experience in structuring and managing projects.

Dmitry Chirkin

project lawyer

has more than thirteen years' experience in both digital (VC, ICO) and traditional areas of legal practice (finance; mergers & acquisitions). Worked at PwC Legal, Chadbourne & Parke and Dentons.

10 INITIAL COIN OFFERING (ICO)

CROWDSALE

PRIVATE PRE-SALE
20/03 —11/05

ICO
16/05 —23/06

Token bonuses

< 8 millions	8+ millions	12+ millions	16+ millions	20+ millions
+ 20%	**+ 15%**	**+ 10%**	**+ 5%**	**0%**

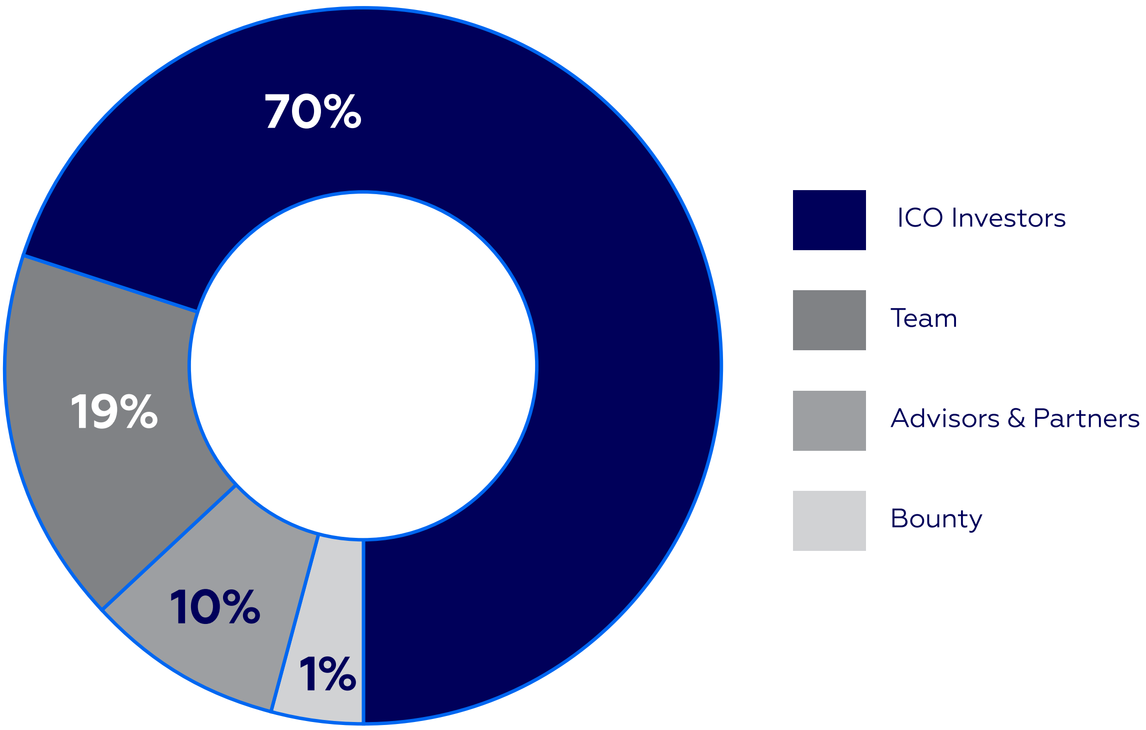
ADDITIONAL BONUSES FOR FUTURE USE

	Amount	Advanced modeling package discount	Collateral discount	Auction entry fee discount	Platform success fee discount	Analytical digest subscription discount
	> $ 100	10%	0%	0%	0%	5%
	> $ 1,000	15%	15%	0%	5%	10%
	> $ 5,000	20%	20%	0%	10%	15%
	> $ 15,000	35%	35%	50%	25%	50%
VIP	> $ 30,000	50%	50%	100%	50%	100%

ABOUT TNG TOKEN

What For?	PROFIT MARGIN MEAN OF PAYMENT VIP-STATUS
Hard Cap	24M USD
Price	1 TNG = 1 USD
Payment Method	BTC ETC LTC WAVES BCH
Distribution	After ICO
Platform	Waves

TOKENS ALLOCATION



Tradingene plans the following use of funds. Depending on the amount of funds raised, Tradingene has staged its goals and the anticipated pace of platform development.

Cap	Planned actions
$4-8 M	— Continued development of platform for algorithm creators — Marketplace for algorithms — Community development - creators and investors — **1 regional office** (Europe, Asia or North America), active market development in that region — At least 8 cryptocurrency exchanges connected — Multi-language educational courses for algo creators — 1000 creators on the platform by the end of 2019
$8-12 M	Aforementioned milestones plus — **2 regional offices** (Europe, Asia or North America), active market development in both regions — Additional cryptocurrency exchange connections — Futures and stock exchange trading on exchanges and brokerages in one major non-crypto financial market — Recruitment and support of algorithm creators in three regions, including stipends and tuition support for qualifying creators — 2000 creators on the platform by the end of 2019
$12-18 M	Aforementioned milestones plus — **4 regional offices** (Europe, Asia and North America), active market development in all four regions — Futures and stock exchange trading on exchanges and brokerages in two major non-crypto financial market — Active marketing to hedge funds and family offices — Accelerated platform machine learning development — Application for asset management license in major markets — 3000 creator on the platform by the end of 2019
$18-24 M	Aforementioned milestones plus — **5 regional offices** (Europe, Asia, North America and Middle East), active market development in all five regions — Introduction of AI-driven algorithm portfolios — Development of algorithm funds — Futures and stock exchange trading on exchanges and brokerages in five major non-crypto financial market — 5000+ creators on the platform by the end of 2019

USE OF FUNDS (PERCENTAGE %)

Cap	IT (including personnel)	Marketing PR & Community Management	Personnel (except IT)	G&A	Rent	Legal & compliance
$4-8 M	**52**	**23**	**10**	**5**	**7**	**3**
$8-12 M	**50**	**21**	**11**	**6**	**9**	**3**
$12-18 M	**48**	**19**	**11**	**6**	**9**	**7**
$18-24 M	**46**	**18**	**12**	**6**	**9**	**9**

11 REASONS FOR SUCCESS

Based on our market analysis and Tradingene's unique product, we believe our project will succeed. The principle pillars of anticipated success:

1 Algorithmic trading on financial markets

Our platform is not a platform for trading or passive investment. It is designed to provide returns by providing a different form of access to financial markets. Given the many significant advantages of algorithmic trading over manual trading, we believe trading algorithms will provide an effective, balanced tool for investing, creating investment strategies and generating long-term returns on financial markets.

2 Underdevelopment of the algorithmic trading market

Algorithmic trading is currently available only to large funds and experienced traders who develop algorithms solely for their own use. Investors wishing to invest in or create trading algorithms face one or more of the problems described above. Tradingene solves these problems by introducing a series of innovations, including algorithmic trading auctions and the integration of blockchain onto our platform.

3 Strong competitive advantage

Tradingene introduces a number of innovations providing a strong competitive advantage. These include: (i) a web environment for developers of trading algorithms; (ii) an efficient profit sharing mechanism; (iii) competitive, transparent conditions for raising capital through auctions; (iv) an AI-based system for creating, analyzing and rating algorithms; (v) algorithms out-of-sample testing to preserve the quality of our product; (vi) and platform flexibility. These competitive advantages will allow us to form a loyal community of algorithm creators and investors.

4 Cryptocurrency market growth and transition

Cryptocurrencies attract an increasing number of market participants every day. At the same time, the market may soon reach the point where trading, given high volatility, may be more profitable than investing. This trend is already clear on short-term timeframes. Taking into account liquidity growth, narrowing spreads and reduced transaction costs, we expect trading to provide opportunities to generate attractive returns.

5 Platform flexibility

The platform can work on any cryptocurrency or traditional exchange. It can use any instrument - from bitcoin and orange juice futures to stocks and bonds. Our success does not depend on any particular market or exchange. This allows us to be flexible and resilient to possible crises. As long as there is open-market trading, there will be a place for Tradingene.

6 Competent and experienced team

Our team has deep and varied experience in financial markets. We have gathered professionals from different areas - senior managers, trading algorithm developers, stock traders, asset managers, platform developers and developers of trading terminals. We are committed to creating a product of exceptional quality, a large and active community and a platform for sustainable growth.

12 LEGAL ASPECTS

12. 1. Introduction

To elaborate legal structure options acceptable and efficient for our needs we considered best legal practice established by successful ICO projects (including Filecoin, EOS), IT projects, venture capital and private equity cases (including in real economy sector) with the support of the law firm White Stone Digital. We also paid attention to negative cases, in particular, Munchee case* had a significant impact on token sale model option we now consider as appropriate.

- *Munchee Inc. is a California start-up company that created an app to review restaurant meals. It was discovered that during ICO marketing strategy of the project was aimed on investors, not potential users. Moreover, at the moment of token sale the platform was not launched. These factors were critical for stating that there was investment expectations speculating, i.e. situation when a person receives financial instrument and expects future profit mainly due to the efforts of third parties.
- As the result, the United States Securities and Exchange Commission treated token sale as the public offer and sale of unregistered securities. Munchee Inc. had to return to investors all funds raised during ICO (https://www.sec.gov/litigation/admin/2017/33-10445.pdf).

We plan to distribute tokens not earlier than the beta-version of the platform is ready, but not later than 1 July 2018 to minimize the risks of treating tokens as securities even formally. In such a way, we expect to decrease the risk when tokens are treated as instruments acquired by the investors with profit expectations arising only due to third-parties' efforts. We assume that such an approach to token sale modeling will provide would-be platform users acquiring tokens with higher level of protection from above-mentioned risks.

Token sale model also takes into account availability of already existing communication platform, certain inventions necessary for product beta-version launch, known schedule for fully featured project launch and testing the platform in different regimes.

13. 2. TNG crypto-token nature

First and foremost, TNG crypto-token is a utility token providing right to use the platform and its services. Our TNG crypto-token will be an integral part of the platform supporting particular set of its functions.

Therefore, purchase of TNG crypto-token is generally a prepayment for the license and the services.

13. 3. TNG future token agreement execution

Since TNG crypto-token is an integral part of the platform ensuring access to the platform, such crypto-token must be deliver respective scope of rights to the user who acquired crypto-token.

Recent negative administrative practice of the United States Securities and Exchange Commission (SEC) showed cases of treatment of token distribution as public offer of investment contract, which is also a security in the absence of full version of the platform that provides an actual opportunity to use tokens.

At the same time, simple token distribution through SAFT (described below) does also not fully comply with objectives of our project: we do seek not for investors but for users which are interested in platform and its respective services.

- *SAFT is a simple agreement for future tokens, which was used for the first time during Filecoin ICO case. SAFT is an arrangement executed between accredited investors and developer of the platform requiring tokens use. SAFT is considered as security according to US law.
- According to SAFT investors provide the developer funds for platform development against right to receive tokens in future as soon as the product is launched (i.e. right for future tokens). On the stage of the agreement execution, ICO developer does not distribute tokens and uses funds received from investors for the platform development.
- After the main platform features are ready, the developer distributes the tokens, and the agreed number of tokens is delivered to respective investors.

We propose token distribution based on the future token purchase agreement, which will simultaneously combine characteristics of services agreement (in terms of considering token as a payment instrument within a platform) and license agreement (in terms of provision access to platform for users through token holding).

Such conception reflects substance of the legal relations related to use of TNG crypto-token to the maximum extent.

13. 4. Token distribution period

Tokens will be distributed to the users following the successful completion of ICO (that is defined by ICO period expiration or achievement of hard cap of number of tokens to be distributed) after launch of platform beta-version, but anyway not later than 1 July 2018.

Up to that moment, ICO-Company will have certain obligations in respect of the users, including:

- obligation to ensure token receiving by the users making it possible to work with the platform (main obligation);
- informational obligations;
- completion of Project road map
(considering possible deviations from the road map in some cases).

13. 5. Necessity of token for the platform and for the user

As above mentioned, TNG crypto-token legal arrangement is a mixed agreement of license (right to use the code and software) and services nature. TNG crypto-token authorizes user with licensee rights for direct access to the platform and the right to purchase certain services within the platform.

Preliminary conditions of this agreement will be published shortly.

13. 6. Project structure

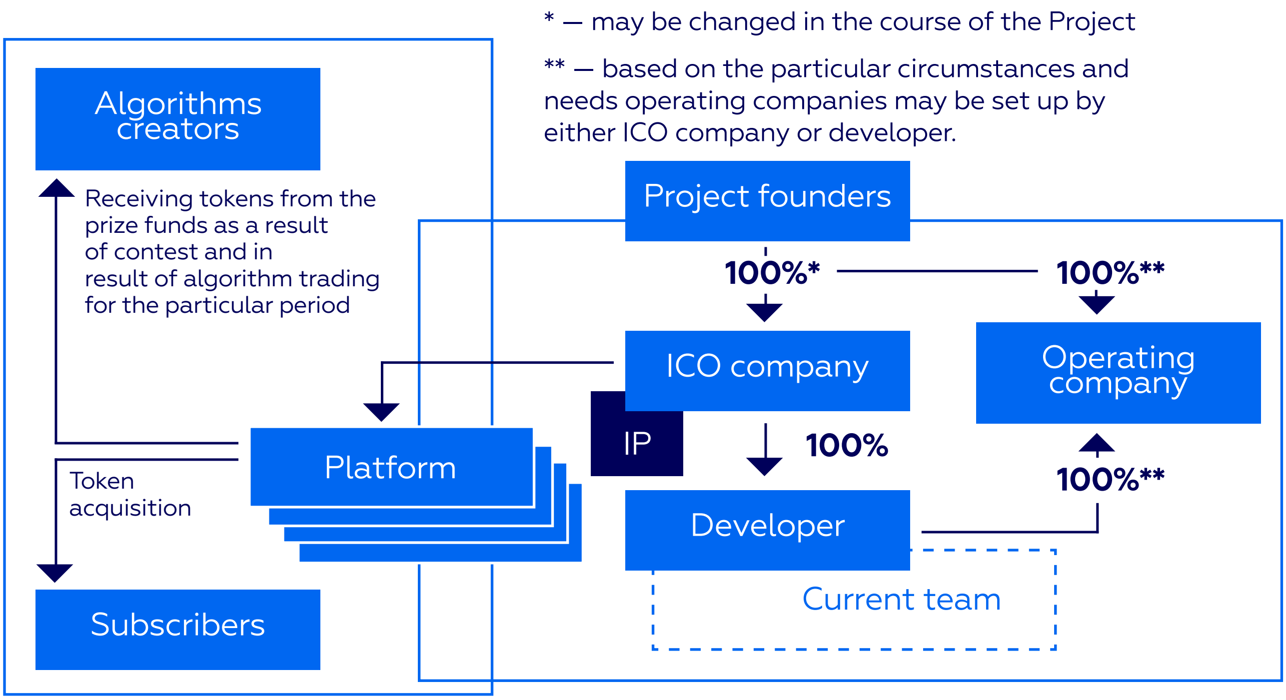
Our key priority is to ensure that TNG crypto-token holders will enjoy their rights related to the platform use. Considering that, we chose a simple structure for the transfer of IP-rights, needed for the Project purposes. Website and software (source code) are such key IP assets within the Project. Current holders will transfer IPs upon ICO completion or achievement of hard-cap in execution ofthe obligation of ICO-Company, which will arise under token sale terms.

We also consider necessity of legal structure balanced in terms of incorporation and annual maintenance. In addition, it was important for us to create vertically-integrated structure transparent for users to the maximum possible extent.

Taking into account all above mentioned, we elaborated legal structure which is flexible and can be optimized during the Project depending on how it is going on.

Under proposed structure, we will in advance distribute functions and split areas of responsibility between ICO-Company and other companies within the Project landscape to create optimal structure that can be altered during the Project life to provide maximum efficiency of the Project management.

Below is the current structure of the Project indicating key milestones of both inside and outside the platform.



Structure within the Platform

Structure outside the Platform

STRUCTURE DESCRIPTION – SPLIT OF FUNCTIONS

1

ICO-Company

Conducting token sale and establishing single treasury center

ICO-Company will carry out token sale ("ICO-Company"). Afterwards, ICO-Company will be considered as single treasury center consolidating and managing financial flows within the Project. ICO-Company will be also obliged to ensure proper functioning of the platform in agreed terms.

Holding rights on the website, source code, platform and other IPs

As said above, upon successful completion of token sale ICO-Company will acquire rights on key IP assets (including website and existing software) from the current holders.

Once this obligation is fulfilled we will additionally inform you on successful transfer of rights over IP assets to ICO-company.

ICO-Company will hold rights over IP assets during the whole Project (if change of jurisdiction is needed for efficiency purposes).

Other issues

Summarizing the above, main functions of ICO-Company are as follows:

- token sale conducting;
- acquiring and holding IP assets for the Project purposes;
- holding company function;
- ensuring centralized financing of the Project;
- engaging without limitations service providers and coordinating within the Project activities (including further IP development).

ICO-Company place of incorporation

We assume that Estonia will be the best choice for the Project ensuring required level of users' rights protection and implementation of the target Project structure.

2

Why Estonia?

When choosing the Project tax structure, it is needed to ensure that revenue and/or financial flows arising within this structure are tax efficient (resulting in increase of funds allocated for Project and further platform development) on all levels of the structure:

- on ICO-Company level;
- on Developer level.

In general, Estonia is a country with favorable regulatory climate as evidenced by, for instance, reasonable foreign exchange regulations and control requirements, availability of electronic services and other factors. Start-ups often choose Estonia due to its solid reputation, convenient geographical location, developed and effective E-service system and finally non-standard corporate income tax paid only at the moment of dividend distribution.

Estonia is attractive jurisdiction for its tax regime, which is generally unrivaled throughout the European Union.

Tax system in Estonia is generally based on the following common principles:

- tax is charged on not active actions, but expenditures,;
- income shall be taxed only once.

Not least because of such principles, the International Tax Competitiveness Index found that Estonia treated as having the most competitive tax system in the OECD (Organization for Economic Cooperation) from 2014 till 2016[6].

There will be no taxation upon payment of interests and royalty between the ICO-Company and Developer that allows efficiently finance Developer's activity if needed and entitle Developer to use IP assets, owned by ICO-Company, in the Project interests.

Transactions between Developer and ICO-Company can be subject to VAT at the Developer upon performing services for ICO-Company.

Estonia has more than 50 double taxation treaties with different countries providing flexibility upon creation of local centers for communications with users.

3 Developer: system's and platform operation support

After token sale completion and acquisition of key IP-assets by ICO-Company for the purposes of platform development, ICO-Company will set up a legal entity to ensure platform support, modification and further development of the platform (the "Developer"). The Developer will engage our current team.

As of today, we plan to incorporate Developer in Estonia also.

We intend to extend our team to expand our expertise, ensure creation of the product meeting our high standards and expectations described in this document to the maximum possible extent.

In this regard, in addition to the current team engaging local teams and third-party specialists and experts may be required within the Project. In such cases, it will be possible to set up co-developers or engage third parties (companies) under services or other contractual arrangements.

Co-developers may be incorporated in the Russian Federation, Cyprus, Scotland or other countries, where it will be deemed necessary and reasonable.

4 Operating companies: using for entrance to certain territories market

To ensure efficient Project operation and platform support in certain jurisdictions ICO-Company may need to set up operating companies. It may be required due to local law requirements (for example, in relation to personal data storage only on local servers).

Operating companies will be incorporated in any jurisdiction where it would be required for the Project purposes, including to protect rights of the users.

[5] 2014 — https://files.taxfoundation.org/legacy/docs/TaxFoundation_ITCI_2014.pdf

2015 — https://files.taxfoundation.org/legacy/docs/TF_ITCI_2015.pdf

2016 — https://files.taxfoundation.org/20170112205157/TF-ITCI-2017.pdf

5 Relations between ICO-Company, Developer and operating companies

ICO-Company will be a key holding company for Developer(s) and operating companies. ICO-Company will hold 100% of Developer's shares. Operating companies in any case could be formed as subsidiaries of ICO-Company or Developer depending on particular circumstances, such as applicable tax regime, local law requirements, local requirements to the shareholders.

Developer(s) and operating companies will decide ongoing matters within the powers granted by ICO-Company.

ICO-Company will oversee the activity of Developer(s) and operating companies on a regular basis, including based on annual reporting / signing delivery and acceptance act when accepting deliverables of services under the agreements between ICO-company and such subsidiaries.

IMPLEMENTING THE TARGET STRUCTURE OF THE PROJECT

In order to ensure the token sale conducting and further operation of the Project according to described model we plan to carry out the following steps (below list is not exhaustive and sequence and terms can be amended during the Project implementation):

1. ICO-Company incorporation;

2. execution of agreement on transfer of rights for IP assets necessary for Project (agreements will be conditioned by successful completion of token sale, i.e. achievement of hard cap or after date of token sale completion);

3. token sale according to the road map indicated in section 8;

4. incorporation of Developer and engagement of current team to Developer;

5. up to 1 July 2018 – launch of the beta-version of the platform or distribution of tokens (depending on what event comes earlier)

6. if necessary:

- **a.** incorporation of local operating companies; and
- **b.** engaging additional co-developers for the Project needs.

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