

ABCC

A Digital Asset Exchange



www.abcc.com

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Our Vision

Satoshi Nakamoto, the pseudonymous "creator" of Bitcoin, published his Bitcoin White Paper "Bitcoin: A Peer-to-Peer Electronic Cash System" in 2008 and subsequently mined the Genesis Block in 2009. Vitalik Buterin launched Ethereum, which can execute smart contracts, in 2015. Blockchain technology has been disrupting a wide range of industries at an exponential speed.

Decentralized and distributed, blockchain technology is offering us fundamentally different solutions to many problems. It helps build trust and consensus based on cryptography rather than relying on a trusted central party so that economic activities can take place and capital can flow across borders frictionlessly. As blockchain-based asset digitalization is becoming a new trend, more and more investors are adding digital assets to their investment portfolios. There is increasing consensus to democratize the digital economy so that everyone can participate and enjoy the benefits brought about by blockchain technology.

ABCC aims to build and nurture a blockchain-enabled digital asset platform. We endeavor to build bridges between digital asset users, developers and investors to facilitate effective information flow and value creation. We seek to help visionary digital asset investors achieve their investment objectives and assist promising blockchain project teams secure funding and gain market recognition by providing select digital assets, designing and operating innovative digital assets, and investing in and supporting blockchain projects with high growth potential. Ultimately, our goal is to promote a healthy and sustainable growth of the blockchain industry.

1. Background

1.1 Opportunities

Since its inception, the internet has facilitated information flow and sharing by establishing a wide and efficient network. Built on top of the internet and as an upgrade, blockchain technology has established a decentralized trust as opposed to a centralized one. It has enabled tamper-resistant record keeping and distributed information storage and sharing by integrating advanced cryptography and database technologies.

As a unique financing solution and a native part of most blockchain projects, cryptocurrency has experienced rapid growth both in terms of its overall market capitalization and its variety. Subsequently, mainstream investors, both individual and institutional, are increasingly including cryptocurrencies as part of their investment portfolios.

Serving as a key part of the digital asset ecosystem, digital asset exchanges connect different stakeholders, e.g., blockchain project teams, investors, and advisors, to optimize the resource allocation in this growing industry.

We aim to contribute to the healthy and sustainable growth of the blockchain ecosystem. Optimistic about the potentials of digital asset exchanges, we endeavor to build and nurture long-term trusting relationships with visionary investors, project teams, and other stakeholders in the blockchain ecosystem.

1.2 Pain Points to be Addressed

1.2.1 A Lack of Prudent Digital Asset Evaluation Frameworks

Albeit fast growing, the blockchain industry is still in its infancy with numerous emerging projects and cryptocurrencies. While some of these projects are truly disruptive, some are merely concepts or even scams.

As it is an emerging and burgeoning industry, there is a lack of generally accepted evaluation frameworks for digital assets. With a relatively limited understanding of

blockchain technology and cryptocurrencies, retail investors have been exposed to high risks.

While there are more and more digital asset exchanges, not many of them have adopted a clear and systematic approach towards digital asset evaluation. With sometimes lucrative listing fees, some digital asset listing decisions have been made from a commercial point of view rather than based on the quality of the assets itself. Hence, it is increasingly pressing and challenging to ensure that only select high-quality digital assets are presented and provided to investors.

1.2.2 A Shortage of Variety for Digital Assets

Compared with traditional financial instruments, there is a shortage of variety for blockchain native digital assets. More sophisticated investment vehicles such as margin trading, investment portfolios, futures, options and other asset-backed securities based on cryptocurrencies, are still nascent.

As the digital asset industry grows and gradually matures, some of the world's leading digital asset exchanges are rolling out their crypto derivative products on top of their mainstream crypto trading offerings. However, financial derivatives are complex in design and risky in nature. Only finance professionals with a rich experience in derivatives are capable of successfully designing and operating such products. Meanwhile, systems and procedures have to be deployed to ensure the safety and security of digital asset trading platforms so that investors' interests are safeguarded.

1.2.3 Security Issues

Along with a lack of prudent digital asset evaluation frameworks and a shortage of variety for digital assets, security is another issue of top concern for investors.

On the one hand, security is still a challenging issue for blockchains on the infrastructure layer. Cryptocurrencies may suffer from different attacks such as "51% Attack", threatening the integrity of and the foundation upon which the trust and consensus of blockchain technology are built. For example, Verge, a cryptocurrency for users who value security and privacy, suffered from a "51% attack" due to a bug in

its codes. As a consequence, its price dropped by 15% within 24 hours after the attack.

On the other hand, cybersecurity incidents at digital asset exchanges happen every now and then. Mt. Gox, a cryptocurrency exchange based in Japan and the then biggest one in the world, was hacked in March 2014 and as a result, Bitcoin worth some \$473 million at the time—and representing 7% of all Bitcoins then in existence—had disappeared. On June 22nd, 2018, the exchange was finally allowed to swap bankruptcy proceedings to civil rehabilitation. Similarly, digital assets equaling \$31 million was hacked from Bithumb, a cryptocurrency exchange based in South Korea.

Cybersecurity practices at a digital asset exchange are based on both of its technological and operational capabilities and are demanding for both. According to "2017 Global Cryptocurrency Benchmarking Study" by Cambridge Judge Business School, there are a few key findings on exchanges' security practices.

- On average, security headcount corresponds to 13% of total employees; 17% of the budget is spent on security;
- 80% of large exchanges and 69% of small exchanges use external security providers;
- Optional two-factor authentication (2FA) is offered to customers by a majority of exchanges and required for employees for most operations;
- 79% of exchanges provide regular security training programs to their staff;
- 92% of exchanges use cold-storage systems; on average 87% of funds are kept in cold storage;
- Multi-signature architecture is supported by 86% of large exchanges and 76% of small exchanges;
- 60% of large exchanges have external parties performing their formal security audits, while 65% of small exchanges perform them internally.

2. Our Business

With blockchain technology disrupting a wide range of industries, ABCC is well positioned to solve the pain points and challenges presented and elaborated above. We endeavor to provide a secure and convenient digital asset exchange platform with our proven technological and operational capabilities.

2.1 Business Model

2.1.1 Digital Asset Evaluation Framework

ABCC aims to build and nurture a blockchain-based digital asset exchange. We endeavor to build bridges between digital asset users, developers and investors to enable effective information flow and value creation. We will help visionary digital asset investors obtain risk-adjusted returns and grow their assets. At the core of this ecosystem is our proprietary digital asset evaluation framework.

We assess prospective digital assets with our proprietary multi-dimensional evaluation framework. Before reaching an asset listing decision, we will comprehensively assess factors such as product/services, industry attractiveness, competition, regulations, team, technology and operations, crypto economics, liquidity, community, and others.

2.1.2 Digital Asset Innovation

By leveraging our deep and broad experience in financial innovation, we will gradually roll out our innovative digital asset offerings to enable our users to optimize their digital asset allocation and manage their risk exposures. Once we have obtained relevant licenses and permissions, we plan to provide various innovative digital asset products such as margin trading and contract trading.

Users can enter an order to borrow a desirable amount of funding from us so that they can raise their trading positions with leverage. Likewise, users will have the option of borrowing digital assets from us and selling them when they deem the

price to be high. They can buy back the assets and repay us when the price reverts to a healthy level.

We will help our users to achieve their investment objectives flexibly by offering digital asset futures and options. On one hand, this will offer hedging tools to our users to manage the risk exposures of their current digital asset positions. On the other hand, this will enable our users to exploit investment opportunities presented in the mispricing of certain digital assets based on their judgments. Ultimately, we will help investors achieve their optimal risk-adjusted investment returns.

Further, by investing in investment portfolios and other asset-backed securities based on cryptocurrencies, users can achieve their optimal risk-adjusted returns with the help of professional digital asset analysis and portfolio construction.

At the same time, we have rigorous systems and procedures to ensure the safety and security of our digital asset trading platform so that investors' interests are safeguarded.

2.1.3 Early-stage Blockchain Project Investment and Incubation

We plan to take an active role in early-stage blockchain projects by making strategic investments and providing incubation and enabling services. This will help projects with high growth potential to secure funding and gain market recognition while providing premium investment opportunities to our users.

2.1.4 Features

We aim to provide a wide range of blockchain native digital assets and other related services.

Crypto Trading

One of our core product offerings is crypto trading. We select our listed digital assets with our proprietary multi-dimensional digital asset assessment framework and ensure that they are presented in a visually friendly way. In this way, our users can achieve their investment objectives efficiently.

Fiat Trading

Once we have obtained relevant licenses and permissions, we plan to roll out fiat trading services to our users. This will further improve and optimize our secure and seamless trading services.

Margin Trading

Once we have obtained relevant licenses and permissions, we plan to provide margin trading services to our users. With leverage, our users will be able to achieve more efficient and flexible asset allocation.

Contract Trading

Once we have obtained relevant licenses and permissions, we plan to roll out contract trading services to our users, e.g., futures, options, investment portfolios and other asset-backed securities based on cryptocurrencies. This will enable digital asset investors to manage their risk exposure and obtain risk-adjusted returns.

OTC (Over the Counter)

We actively trade on mainstream digital asset exchanges and provide block trading services over the counter. Our trading partners include Ultra High Net Worth Individuals, family offices, mining businesses, hedge funds and other traditional financial institutions.

Value-added Services

We will leverage our knowledge and expertise in blockchain technology and digital assets to provide value-added services to facilitate our users' informed investment decision-making. Our value-added services will include but are not limited to news push, asset allocation services, and other self-services.

Devices

We will offer our digital asset trading services across multiple devices and platforms, including PC Web, Mobile HTML5, iOS, Android, and others.

2.1.5 Technical Architecture and Trading Environment

High-Performance Matching Engine

Our exchange platform has adopted a pure in-memory matching technology, with which a single machine can facilitate millions of simultaneous matchings. With cluster-sharding, this number can be further increased to over 10 million so that efficient low-latency matching can be a reality.

Meanwhile, our technical architecture is highly stable with hot failover based on our experience and proven track record at BAT, i.e., Baidu, Alibaba and Tencent.

Extendable Multiple Trading Order Architecture

Our order fulfillment is highly extendable, capable of efficiently dealing with a variety of trading order fulfillment (FOK, IOC, etc.). This enables us to provide a professional trading environment for professional traders. This extendable trading order architecture even has the potential to form an ecosystem, available to a wide range of users, including professional financial services providers.

Shard-able Trading Server Cluster

Our trading platform is based on a mature technical architecture with multilayer clustering. It is well-structured to handle high concurrency trading and process a massive amount of information and data.

Meanwhile, we have used extensively Cloud Native compliant frameworks and infrastructures so that our system can be turned into a sharding structure. This has enabled our system to handle a massive trading volume. The maximum trading volume that our system can handle is only dependent on the scale of the server cluster.

Near Real-Time Clearing System

Clearing system is one of the most critical components of a digital asset exchange. We have developed our proprietary asset management system to enable synchronized on-chain and off-chain asset management.

Also, with our multi-layer data architecture, our proprietary clearing system has made near real-time clearing a reality.

Security Architecture

Capital safety and information security of our users are amongst our paramount concerns. Our security architecture includes a separation of hot wallets and cold wallets, multi-signature security, two-factor authentication and others.

2.1.6 Capital Safety and Risk Management

Capital Safety

We have separated our clearing process from our trading platform and have adopted near real-time clearing to ensure the safety of funds on our platform. Meanwhile, we can focus on the optimization of the matching engine of our trading platform.

Account Security

With our account security system based on big data and artificial intelligence (AI), we continuously assess and ensure account security and compliance.

Withdrawal Services

By leveraging big data, AI, and the flexibility offered by human services, our withdrawal services are highly secure, efficient and flexible.

Security Audit

We are working in collaboration with industry-leading cybersecurity companies in the blockchain industry to regularly assess our IT systems.

2.2 Revenue Model

Revenue Sources	Details
Trading Fees	Trading fees will be applicable as a percentage of the value of digital asset transactions.
Withdrawal Fees	Withdrawal fees will be applicable to process withdrawal requests.
Listing Fees	Listing fees will be applicable to list digital assets which meet our digital asset evaluation criteria.
Margin Trading Fees and Interest	We will roll out margin trading services once we have obtained relevant licenses and permissions. Fees and interest will be applicable.
Contract Trading Fees	We will roll out contract trading services once we have obtained relevant licenses and permissions. Fees will be applicable.
Other Revenues	We will leverage our knowledge and expertise in blockchain technology and digital assets to provide other services such as technical advisory, digital asset custodian, and security services. Fees will be applicable.

2.3 Roadmap

Date	Milestones
April, 2018	ABCC.com launched
May, 2018	The first batch of select digital assets listed
July, 2018	ABCC Membership Program launches
January, 2019	New digital asset trading platform launches

3. About Us

ABCC Digital Asset Exchange (ABCC) is a world-class exchange offering digital asset investment and trading solutions for users globally. ABCC was open for registration on April 9th, 2018 and officially launched on April 28th, 2018. Currently, we have dozens of digital assets with BTC, ETH, and USDT as base currencies on our exchange platform. Secure and stable, ABCC has been gaining traction and popularity among users with our offerings of select high-quality digital assets.

3.1 Our Values

Embracing the philosophy of blockchain technology—open, frictionless and participatory, we have placed value investing at the core of our values. Holding investors' interests at the center of our business, we conduct comprehensive due diligence over prospective digital assets before making any listing decisions. At the same time, we work closely with the issuers of digital assets to issue digital assets with great long-term growth potentials.

3.2 Our Competitive Advantages

3.2.1 Industry Leading Technologies

Our technology team members have worked at some of the world's most successful technology and financial services companies. Our technological capabilities have enabled us to create and maintain systems and infrastructures capable of handling matchings for over 10 million users simultaneously. Meanwhile, we are experienced and well-equipped to handle high concurrency trading and process a massive amount of information and data.

3.2.2 Finance Veterans from Top Financial Institutions

Our finance and investment team come from the world's top investment banks and fintech companies, seasoned in designing and operating complex financial instruments.

3.2.3 Global Vision and Experience

ABCC was founded by a group of industry veterans with a broad range of experience and track record at some of the most successful internet, financial services and management consulting firms.

Meanwhile, our international team composition has equipped us with strong capabilities in acquiring and consolidating resources globally. Our team members have previously worked in the US, Europe, the Middle East, Southeast Asia and others.

We are proud to have a number of veterans in legal practices, financial services, blockchain technology and other technologies act as advisors to guide us in our strategic development. Our advisors include but are not limited to

- Dr. Michael Frendo, former Speaker of the Parliament of Malta and Minister of Foreign Affairs of Malta, who has taken an active role in EU Constitutional development and was a signatory to the Draft Constitutional Treaty of the European Convention;
- Mr. Weixing Chen, founder of Kuaidi Dache, Chairman of the Board at Funcity Holding, experienced investor in blockchain technology;
- Mr. Zhang Lei, successful serial entrepreneur who has launched three successful products with each serving over 100 million users;
- Mr. Forrest Chen, founder of Umeng (acquired by Alibaba for \$70 million in 2013) and expert in technologies and strategy.

We thank you for taking the time and effort to learn about ABCC Digital Asset Exchange! If you like what you have read, please join us in helping build a sustainable and healthy blockchain ecosystem!