



Cryptoloans

Trade cryptocurrency on credit

White Paper

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1. Introduction to the problematics

More than 7.5 billion people live on the planet Earth, 70% of which have a fortune of less than 10,000 USD, and half of the population even less - less than 3,210 US dollars, according to recent studies [1]. Not surprisingly, in such conditions, the cryptocurrency market is a breath of clean air and a potential opportunity to improve the welfare of the inhabitants of the Earth. While the price of the cryptocurrency Bitcoin has already touch the \$ 17,000 mark, most of the Planet inhabitants have not heard about cryptocurrencies, due to lack of access to the Internet, and also can't afford to buy digital assets because of the high cost. It turns out that the rich get richer, having free funds to invest in crypto assets, and the poor remain outside this ark...

On the other hand, just a few years ago, many considered marginal trading as a way of making quick money in the over-the-counter market of currency exchange. FOREX is striking in its democracy - the minimum deposit is usually from \$ 100, high leverage that allows make higher volume transactions and earn or lose up to 100% per day, a fairly simple registration procedure.

Since 2011, the FOREX market began to change: the standard tactics of working in the night flat has stopped earning income, due to the lack of sufficient amplitude of price fluctuations, and on trends that arise in indeterminate time, earning hundreds of percent per annum is problematic enough. In this situation, traders can't compete with major players in the development and modernization of trading systems. As a result, ordinary traders began to massively migrate to the cryptocurrency market, acting as a catalyst for its growth. The earliest participants of the cryptocurrency market have already increased their capital in several times and this is far from the limit.

Leading analysts and investors predict the continued growth in the cryptocurrency market capitalization to several trillion dollars [2] [3] and this despite the fact that the current cryptocurrency market capitalization is just over 400 billion dollars. The growth potential of 10-15 times stimulates us to take decisive action.

Cryptocurrency assets should be evenly distributed among the population of the Planet, and not concentrated in the hands of 1% of the world's richest people!!!

At the same time, experienced cryptocurrency investors are looking for ways to diversify their portfolios to minimize losses during the fall of the cryptocurrency market, and newcomers are looking for ways to enter the market with minimal risks. In this regard, the idea arose to develop a platform that will connect newcomers of the cryptocurrency market and experienced investors: to investors will give the opportunity to hedge the risks of reducing the value of their assets, and to beginners - enter the market with minimal risks and catch up missed opportunities.

Of course, we will be happy for everyone who will be able to invent a time machine and return to the past to buy bitcoin, or will be able to see the "underappreciated" crypto assets and make money on it. We in turn offer a solution for the majority inhabitants of the Earth - having no special knowledge, investing a small part of their monthly budget, will join to the growing cryptocurrency market.

We present to your attention an innovative financial platform



Cryptoloans

Trade cryptocurrency on credit

2. A little about the platform

Cryptoloans is the first blockchain platform for secure lending, trading and exchange cryptocurrency in the World. We are the first who created a solution for guarantee the return of creditor`s funds. Our solution will allow continue the cryptocurrency expansion among all sections of the Planet population, regardless of social status, giving people a chance to enter this market with minimal risks.

3. The problems solved by the *Cryptoloans* platform

The **Cryptoloans** platform unites 3 directions of financial markets:

- P2P-lending
- Marginal trading
- Cryptocurrency market

Let's consider each of these directions, their problems and our solutions:

3.1 P2P-lending

Investors or creditors who already have crypto assets in their portfolios regularly face certain problems, namely:

- A very volatile cryptocurrency market has the property of lowering the value of the portfolio by several tens of percent per day

*For investors who want to diversify their risks, the **Cryptoloans** platform offers to become creditors and guaranteed earn the fiat money even during the fall of the cryptocurrency market.*

- Verification of the borrower`s solvency

*Thinking over the **Cryptoloans** platform concept, we have taken into account this problem and created a solution that frees the lender from the risk of borrower`s insolvency.*

- Lack of guarantee to repayment funds

*The **Cryptoloans** platform will also solve this problem by acting as an intermediary between the lender and the borrower, freezing the withdrawal of the cryptocurrency purchased on credit until the last payment for the loan is made. Also a pleasant bonus will be the fact that the lender will receive all loan payments to his fiat wallet in our system instantly and will be able to withdraw funds at any time.*

If the borrower will not repay the loan payment on time, all coins will be transfer to the lender, and the borrower will be released from liability, because the loan contract will be canceled, and the funds paid under the loan contract will remain in the creditor's property.

The borrowers, in turn, face an even greater number of obstacles on the way to obtaining a loan:

- Collecting a package of documents - passport, statement from the bank, salary certificate and other documents, depending on the credit organization, as well as the availability of permanent official employment

*All users of the **Cryptoloans** platform just will have to perform a simple registration on the site. That's will be enough.*

- Lack of guarantee to receive credit

*The concept of the **Cryptoloans** platform assumes a 100% probability of obtaining a loan on creditor's terms.*

- The probability of transferring personal data to third parties: law enforcement agencies, collection agencies, etc.

*The **Cryptoloans** platform assumes complete anonymity for all customers of our service.*

- Need for guarantors or collateral

Thinking over the platform concept, we have taken into account this problem and created a solution that frees the borrower from this need.

As a result, borrowers who want to buy cryptocurrency on credit on conventional P2P-lending services have to undergo a complicated procedure for verification of identity and solvency. Sometimes this is a very unpleasant and even a humiliating procedure for many.

*The **Cryptoloans** platform solves this problem by acting as a guarantor of safety of the creditor's funds, freezing the issued credit on the cryptocurrency address until the full payment of the loan amount, while **the borrower will be able to sell coins bought on credit without a prior loan repayment and make money on the growth of the rate of the purchased cryptocurrency. Examples of such operations can be found in the corresponding section.***

At the moment there are some cryptocurrency p2p-crediting services, but none of them gives such advantages as *Cryptoloans*!

Summing up, we can say with confidence that using the **Cryptoloans** service, the lender gets the following advantages:

- *Guarantee of returning the cryptocurrency issued on credit or a stipulated value according to the terms of credit contract*
- *Sale of a cryptocurrency on credit at the price higher than market*
- *Guaranteed earnings on the sale of cryptocurrency on credit*
- *Without the need to study borrower's financial capacities*
- *Possibility to be a borrower and a lender simultaneously*
- *An unlimited number of lending offers on different terms*
- *Full anonymity for all users of the platform*
- *An unlimited number of loans approved*
- *Independent choice of the loan term*

Using the **Cryptoloans** service, the borrower gets the following benefits:

- *An unlimited number of applications for the purchase cryptocurrency on credit on different terms*
- *The possibility of selling the purchased cryptocurrency without a prior loan repayment*
- *The possibility of earnings on the growth of the value of the purchased cryptocurrency*
- *The purchase cryptocurrency on credit according to the terms of the credit contract*
- *The possibility of selling cryptocurrency on credit which purchased on credit*
- *100% probability of obtaining a loan on the creditor`s terms*
- *Possibility to be a borrower and a lender simultaneously*
- *Full anonymity for all users of the platform*
- *An unlimited number of credits received*
- *Independent choice of the loan term*

3.2 Marginal trading

Margin trading allows traders of exchange and over-the-counter markets to buy and sell financial assets in volumes that are several times higher than the trader's own funds, while his deposit is insurance and decreases as the price moves against an open position, or increases when the price moves in the forecast direction.

*We challenge the classic margin trading, where a trader, who bought the cryptocurrency, having only 10% of its value on his account, will lose all of his funds if the cryptocurrency falls by only 10%, which is normal daily volatility for the cryptocurrency market. **On the Cryptoloans platform, having bought a cryptocurrency on credit, a trader will be able to wait out a period of low prices without losing his trading deposit, provided that he will pay the payments on the credit contract on time.***

In the stock market, in order to get a solid income, you need to go through a complicated registration procedure with the broker, prove the source of origin of the funds, and also have a large start-up capital. In return, you will get access to a sluggish market, whose annual growth is only a couple of tens percent per year.

*On the **Cryptoloans** platform, users need only have a small start-up capital and perform a simple registration on the site, and in exchange you will get access to the most volatile market, which over the past few months has shown growth of several hundred percent.*

In the conditions of applying margin trading on exchange and over-the-counter markets, it is not uncommon for the funds in the trading account to go into negative because of the sharp movement of the price of the purchased assets against the trader's position. As a result, a trader not only loses all his money, but also has to repay the debt to his broker.

*The concept of the **Cryptoloans** platform excludes the possibility of such situation. The only obligation of cryptocurrency buyer is to make payments for the loan contract on time, and their amount does not depend on the price movement of the purchased asset. At the same time, investors who sell cryptocurrency on credit are protected from loss of the sold cryptocurrency due to the freezing of coins to the full repayment of obligations on the loan contract by the borrower.*

Cryptoloans is a margin trading service, where the leverage is provided not by a broker, and by a specific investor-creditor.

In financial markets, there are situations when the "black swan" comes in - a sudden large-scale phenomenon that no one expected, which generates high volatility and, as a consequence, a sharp rise or fall in quotations of an asset. In such cases, brokerage companies often declare bankruptcy, and their clients remain without their own funds. This happens when the brokerage company uses classical margin trading and as a result the accounts opened by such company on the exchange go into large minus due to sharp unidirectional market movements against the aggregate position of customers, which leads to bankruptcy.

Our service does not use the classic margin trading techniques and as a consequence is insured against such situation. We offer a reasonable alternative to margin trading in the form of buying and selling crypto assets on credit.

The lack of transparency is another disadvantage of margin trading. Often brokers conceal the real market volumes from traders, the ratio of buyers and sellers, open interest, and sometimes even manipulate quotes on the FOREX market [4] [5].

*Our service is a new direction in over-the-counter trading, which, by design, will be able to replace the current centralized exchanges, where price is controlled by large players - market makers. In the **Cryptoloans** platform, all transactions will be transparent – are displayed in the trading history and visible to all users. Each user will be able to see the market depth, the current volumes for buying and selling, to assess the open interest.*

In perspective, our service will implement not only the cryptocurrency exchange, but also the exchange of other trading instruments, that will create an additional influx of customers and increase in commission incomes.

The traders of the cryptocurrency market make money due to the constant growth of its capitalization. Capitalization is growing due to the inflow of new investors who believe in the potential of Blockchain technology and companies whose tokens are quoted on the cryptocurrency exchanges. Also, the contribution is made by cryptocurrency miners, which are buying more and more the expensive video accelerators and ASIC-miners for cryptocurrency production that raises the incomes of producers and retailers. Some of them accept cryptocurrency as payment for their goods that increases the demand on it, and in conditions of limited emission of major cryptocurrencies, this increases their value.

In turn, as practice has shown and the authoritative sources write [6] [7], most traders on the FOREX market lose their money. This is predictable, because based on the law of conservation of energy, in a closed system that does not produce capital, traders can't earn more than the total amount of funds that are in circulation on the market, divided by the total number of market participants.

As for the stock market, according to the law of conservation of energy, traders can earn only the amounts that earned by the companies whose stocks they buy. But most traders do not like such miserable income, and they begin to take on increased risks for the sake of greater profits, that they receive with a proportionally smaller share of probability.

Thus, we can express an opinion that the majority of players on the market in the minus for objective reasons. Consequently, the systems of collective thinking, which have recently been widely advertised, will not be able to solve the task posed.

*The **Cryptoloans** platform offers its clients the tools for independent analysis of the current market situation and the construction of automatic trading systems: various market indicators, logical conditions for opening and closing orders, trading history, history of open orders and volumes for buying and selling, current sentiments of players, transaction volumes and the market depth.*

The main advantage of our platform will be full transparency of all transactions, that will allow traders to assess the real sentiments of market participants.

Our differences from the classical exchange:

- The possibility of speculative buying the cryptocurrency in a volume that exceeds the trader's own funds in several times**
- The possibility of analyzing the history of quotes paired with the history of players sentiments and their positions**
- The possibility to wait out a period of low prices without losing funds**
- The possibility to see the sentiments of players**
- Simple registration procedure**
- The transparency of trades**
- Minimum start-up capital**

3.3 Cryptocurrency market

At the moment, there are a large number of cryptocurrency exchange services that allow you to buy and sell bitcoin or ether, as well as exchange them for other cryptocurrencies or tokens. All these services have one significant drawback - they do not allow you to exchange less popular cryptocurrencies or tokens among themselves. In this regard, users are forced to pay a double commission for converting less popular assets, and for cryptocurrency traders there is a shortage of trading instruments such as ZEC/ZEN, BCH/ETC, LTC/NXT, etc.

The Cryptoloans platform *will solve this problem by allowing to exchange not only bitcoins for altcoins, but also altcoins to each other, and therefore trade all possible trading pairs from those instruments that will be presented on our service. This will simplify the exchange process and reduce the amount of commissions for the exchange of cryptocurrencies and tokens among themselves, and the cryptocurrency traders will get new trading opportunities in the form of new trading instruments.*

Many investors complain about the lack of instruments to protect against the risks associated with the purchase of cryptocurrency, for example, Nikhil Kalghatgi, a venture capitalist and one of the first investors in digital currencies believes that right now for large players on the cryptocurrency market do not have enough ways to apply hedging strategies [8].

Indeed, it so happened that on ordinary cryptocurrency exchange services, it is not possible to make money by selling own coins, as on the classical exchange, where you can click the "Sell" button and earn on the fall of asset's value. It turns out that at the moment there is no way to play on lowering value of bitcoin or other cryptocurrencies, at least for an ordinary trader.

The Cryptoloans service *will allow investors-creditors to earn money on the sale of cryptocurrencies on credit, that in essence is similar to the bet on reducing a certain crypto asset, because at the time of selling the cryptocurrency on credit its price is fixing and no longer depends on market fluctuations, and interest on the loan is creditor's income. A huge plus will be that the investor will be able to choose the credit period by himself, which looks more promising than the offers that exist at the moment. You will be able to find the examples of such operations and their results in the corresponding section.*

The next problem of the modern cryptocurrency market is the high entry threshold for new participants. One bitcoin now costs about 17,000 US dollars, one coin of ether is about 600 dollars, the cheapest video card of the last generation for cryptocurrency production is about 400 dollars. As you can see, the initial capital for joining the growing cryptocurrency market already stands at impressive amounts for many people.

*The situation will be radically changed by the **Cryptoloans** platform, which will allow people with low income to buy cryptocurrency on credit and make money, even without the funds to fully repurchase the asset, by selling the previously purchased cryptocurrency at a higher price. While accredited investors from Wall Street have access to a variety of financial instruments for multiply their billions, ordinary people without such funds can't buy valuable assets on credit and make fortune on this. The **Cryptoloans** platform will enable a wide range of population to join the growing cryptocurrency market, where daily volatility allows you to earn several tens of percent per day.*

Existing cryptocurrency exchange platforms do not allow customers who do not have programming skills, to create trading systems based on their services. As a result, automatic trading is available only to a narrow circle of persons through API interfaces, and other customers are forced to look for alternative solutions.

*Users of the **Cryptoloans** platform will be able to create their own trading systems without the use of programming, by using the designer of trading algorithms, which will be built into the platform and will allow all interested persons to trade automatically according to specified conditions.*

Another problem is the gradual monopolization of the cryptocurrency market: only 4% of market participants own 96% of all bitcoins, while 1% of participants owning 50% of all coins [9]. This means that the market and the exchange rate can be controlled by a small group of people. The idea of bitcoin was to make all users equal and avoid the situation when 1% of the rich controls everyone, but in reality everything is different.

Our goal is to democratize cryptocurrency market, allowing as much of the population of the Planet to buy cryptocurrency and generate income from their trade. In fact, the idea of the Cryptoloans platform is that all users earn money regardless of their social status.

Modern cryptocurrency exchanges do not provide their clients with the history of quotations of tradable assets, the history of trading volumes, the history of market sentiments and the overall history of orders, that in turn limits traders in the correct market analysis and the construction of automatic trading systems.

Our platform, as mentioned earlier, offers its customers` tools for independent analysis of the current market situation and the construction of automatic trading systems: trading history, history of closed orders and volumes for buying and selling, current market sentiments, transaction volumes and market depth.

The security of users` funds is a cornerstone in the work of modern cryptocurrency exchange services. In spite of this, many cryptocurrency exchanges are subject to successful hacker attacks, that often leads to the loss of part or even all of the customer`s coins.

We plan to use cold wallets to store cryptocurrencies, which were bought on credit and are in pledge until full repayment of the loan.

For our customers, will be implemented the ability of storing a certain amount of their coins on a cold server for protect from total loss of funds, due to a possible hackers attack on our service.

We will implement mechanisms of two-factor authentication and verification with a multi-signature. A multi-signature is a verification procedure that is considered successful in the event that all pre-determined individuals or devices have confirmed your action whether you be sending funds or simply logging into your account.

The distinctive features of the *Cryptoloans* platform will be:

- Possibility to store funds on a cold wallet**
- Trading in a variety of cryptocurrency pairs**
- Automatic cryptocurrency trading on the platform**
- Creating trading systems without programming skills**
- Multi-signature for confirming operations in the system**
- The possibility of hedging risks for cryptocurrency investors**
- The possibility of earning on the purchase of cryptocurrencies with minimal risks**

4. The summary information

Let's sum up: *Cryptoloans* platform is the world's first online trading platform, which provides its users with the opportunity to buy and sell cryptocurrency on credit, exchange cryptocurrencies among themselves, buy and sell their credits for purchasing a cryptocurrency.

Platform Features:

- Sale of the cryptocurrency which was purchased in credit without prior loan repayment
- Creation of requests for the purchase of cryptocurrency in credit
- Creation of proposals for the sale of cryptocurrency on credit
- Creating your own trading systems without programming skills
- Purchase of cryptocurrency in credit on the creditor's terms
- Sale of cryptocurrency in credit on the borrower's terms
- The ability to store their crypto assets on a cold wallet
- Automatic trading in assets
- Cryptocurrency exchange
- Purchase of cryptocurrency
- Sale of cryptocurrency

Thanks to the extensive functionality described above, Cryptoloans will create a platform for bringing together different audiences that previously had no opportunity to interact with each other - investors, lenders, borrowers, traders, miners and the beginners of the cryptocurrency market. Everyone benefits from the synergy of Cryptoloans: investors are given the opportunity to hedge risks, traders are able to buy and sell cryptocurrencies with record low fees, the beginners - to enter the market with minimal investments, and miners - to sell their cryptocurrency at price above the market.

Despite the fact that our system is transparent, logically verified to the smallest detail and protected from dishonest users - we know that we live in the real world, therefore for contingencies we create the clients' insurance fund that will act as an additional guarantee for users of the *Cryptoloans* platform. This fund will accumulate 10% of the commission income of our service. In the event of force majeure, the accumulated funds will be distributed proportionally among all users of the platform who have suffered losses, and the amount they receive will not be able to be greater than the amount of lost funds.

5. The financing

The financing of the **Cryptoloans** project will take place in three stages. This approach will allow to divide the development of the whole complex of the platform, its launch and its promotion into several phases, which will reduce the necessary initial capital for develop the basic functionality of the platform, and will also allow for tokens buyers without much risk for their wallet, to analyze the ability of our team to perform assigned tasks.

Three rounds of funding are intended to:

- Ensure the development of the platform itself at the initial stage
- Ensure the launch of platform
- Create an advertising budget for the promotion of the project

Thus, buyers of tokens will be able to finance either a finished product that needs promotion, or directly the creation of the product itself, or both. Moreover, the three stages of financing will attract much more attention from potential users of the platform, which in turn will increase the initial commission income of our service.

5.1 About LoanCoin token

The official digital token of the **Cryptoloans** platform will be **LoanCoin (LCN)**.

LoanCoin is an internal digital token of our service that can be used to pay for platform`s services: commissions for exchange transactions, transfers, issuing and obtaining of loans. Token **LoanCoin** is specifically designed for functional use on the **Cryptoloans** platform. **LoanCoin** tokens cannot be returned after purchase.

The buyers of tokens who are going to participate in the first, main and last rounds of selling **LoanCoin** tokens should know the following legal aspects:

- **LoanCoin** tokens are not electronic money, securities, shares, bonds, financial instruments or any other form of property and should not be treated as such.
- **LoanCoin** tokens do not give customers the rights to receive future income, intellectual property rights, the rights to own the **Cryptoloans** platform, the rights to share of profits earned as a result of its work or sale to third parties.
- The **Cryptoloans** platform will not pay dividends, interest, coupon income and other types of income to holders of **LoanCoin** tokens. Token **LoanCoin** is not a security in accordance with the Howey Test.
- **LoanCoin** tokens cannot be sold to residents of the United States, China, Singapore, South Korea or other countries where the sale of the token may require its registration as a security. When you buy **LoanCoin** tokens, you automatically confirm that you are not a citizen of such country.

- The buyers of **LoanCoin** tokens are not investors: the collection of money for the project is not an investment, because for make profit the buyers of tokens will need to do work to attract creditors, borrowers, or sell their tokens in credit.

- After the launch of the **Cryptoloans** platform, **LoanCoin** tokens can be bought or sold for cryptocurrency and fiat currencies of electronic payment systems, as well as buy and sell in credit on our platform, subject to availability of demand and supply from buyers, sellers, lenders and borrowers.

- **The *Cryptoloans* platform does not guarantee an income to buyers of *LoanCoin* tokens.** The exchange rate of LoanCoin tokens may fall at any time, including significantly. There is no guarantee that the **LoanCoin** token will increase in price. If this happens, then there are no guarantees that due to some unforeseen circumstances or events which the founders and developers of the platform cannot control or because of force majeure circumstances, the exchange rate of **LoanCoin** tokens will not fall, including significantly.

When you purchase **LoanCoin** tokens, you automatically agree that you acknowledge, understand and agree with all the legal aspects of tokens described above. Moreover, when you buy **LoanCoin** tokens, you agree that you are aware of the risks in the cryptocurrency industry and are capable of incurring potential losses associated with the purchase of **LoanCoin** tokens in full.

5.1.1 The valuable of the **LoanCoin** token

The valuable of **LoanCoin** token will be ensured by a 25% discount for the services of our service when using **LoanCoin** as payment in comparison with payment in the currency of the transaction. This will prompt users of the **Cryptoloans** platform to retain and use **LoanCoin** on our service. Thus, the valuable of the token itself increases - the higher the market value of the token, the less is the required amount of **LoanCoin** tokens to pay commissions for the transaction.

LoanCoin tokens will be generated by a smart contract, specifically for sale during the three rounds of financing which are intended to raise funds for the development, promotion and legalization of the **Cryptoloans** platform. Since no other way **LoanCoin** tokens are created - their overabundance on the market does not arise, and given that, that the commission for transactions on the platform when paying by **LoanCoin** tokens will be lower than when paying by other cryptocurrencies, we can assume that their rate will grow in proportion to the growth of the number of users of our service.

The starting **ETH / LCN** exchange rate will be fixed at level **1 ETH = 300 LCN**. In the event of an increase in the exchange rate on exchanges, the required number of **LCN** tokens to pay commission for the transactions performed on the **Cryptoloans** platform will decrease. As the number of users and their transactions increase, the valuable of the **LoanCoin** token will increase, since no additional tokens are expected, which means that **LCN** tokens will become a scarce commodity.

Immediately after the **Cryptoloans** platform official release, we will begin negotiations with the most famous cryptocurrency exchanges about adding **LoanCoin** tokens to their list of instruments in order to mass-distribution of our tokens and, as a consequence, to popularize the **Cryptoloans** platform.

Here's how you can use **LoanCoin** on our service:

- Pay for commissions for **Cryptoloans** services
- Receive and issue loans in **LoanCoin** tokens
- Buy and sell **LoanCoin** to other users

5.1.2 The emission

The emission of **LoanCoin** tokens will be limited to the issuance of **10,000,000 LCN**.

The initial exchange rate after the launch of the **Cryptoloans** platform will be **1 LCN = 0.003333 ETH** or **1 ETH = 300 LCN**. Later the price formation of the tokens will be free and will be determined by the demand and supply from buyers, sellers and users of the **Cryptoloans** platform.

LoanCoin (LCN) is Ethereum-based token that follows the ERC-20 standard. **LCN** tokens will be generated for the first, main and final rounds of **LoanCoin** token sales, after which **LoanCoin** will not be generated anymore. Thus, the issuance of **LCN** tokens will be limited, which in turn negates the possibility of their depreciation other things being equal.

*During the first and the main rounds of **LoanCoin** token sales, buyers will receive bonuses of 100% and 50% of the number of tokens purchased, respectively. Thus, during the first round of token sales for 1 ETH, the buyer will receive 600 LCN. In turn, during the main round of selling tokens for 1 ETH, the buyer will receive 450 LCN. During the final round of selling tokens for 1 ETH, the buyer will receive 300 LCN. It turns out that buyers of **LoanCoin** tokens will be able to get solid bonuses during the first and the main rounds of selling **LoanCoin** tokens, but during the first round of tokens sale the bonus will be much larger.*

10,000,000 LCN will be distributed as follows:

510 000 LCN - 600 000 LCN - The First round of selling **LoanCoin** tokens

3 600 000 LCN - 5 850 000 LCN - The Main round of selling **LoanCoin** tokens

1 539 000+ LCN - The Final round of selling **LoanCoin** tokens

1 011 000 LCN – The developers` reserve and bonus fund

1 000 000 LCN – Bounty

If at the end of all token sale rounds there will be unsold **LoanCoin** tokens - they will be transferred to the developers` reserve and bonus fund.

Let's consider in detail all stages of selling **LCN** tokens and the objectives pursued by them:

5.2 The First round of selling *LoanCoin* tokens

Within the first round of *LoanCoin* tokens sale will be sold from 510 000 *LCN* to 600 000 *LCN* at the exchange rate of 1 ETH = 300 *LCN*. All buyers of tokens within the first round will get a bonus of 100% of the number of *LoanCoin* tokens purchased. Thus, from 850 ETH to 1000 ETH will be raised. The funds received will be used to implement the following tasks:

- Registration of the platform`s operator:

At the moment, not many countries have managed to pass legislation on the circulation of cryptocurrency. We have analyzed the current legislation in different countries and selected several jurisdictions in which registration of the *Cryptoloans* platform operator is probable, among them: Great Britain, Gibraltar, Isle of Man, Luxembourg, Estonia, Belarus, Cyprus and Republic of Seychelles.

- IT company registration for platform development:

To reduce operating costs, the most profitable solution will be the splitting of the company into an operator of the platform and a platform development office. Such a solution will reduce the tax burden, salary costs and rental of premises through organizing the development of a platform in a country with lower prices and wages.

- Rent/purchase the space for the office of platform development:

On the real estate market is often the case when there`s the real estate in the sale suitable for office space at the price much lower than the ready office. Then there is a situation that the cost of renting an office space for several months is equivalent to the cost of an office space in a less prestigious area. We do not intend to focus on the prestige location of the development office - we plan very economically and efficiently to manage the money received during all rounds of selling the tokens, so we will research all possible options and make a decision based on the final figures of the rental cost of the premises and compare them with the cost of premises, which are on sale. Of course, having your own premise bought at a low price is economically more profitable than renting a ready office for a long time.

- Expansion of staff:

Surrounded by the *Cryptoloans`* platform ideologists there are enough high-level specialists in the field of computer engineering, programming, cryptography, information protection, web design, marketing, banking and financial markets, who will use their experience and skills to develop our platform.

- Staff salaries of the platform operator and the development office.
- Transport costs, business trips, other expenses.

- Purchase of hardware and software, which is necessary for the successful development and testing of the working code of the platform.
- The development of platform`s basic functional:
 - 1) Develop platform`s architecture
 - 2) Creating a design of the platform
 - 3) Implementation of the client's personal cabinet
 - 4) Implementation of interactive charts
 - 5) Creating a designer of loan applications and offers
 - 6) Realization of the order book of loan applications and offers
 - 7) Development of the integration interface with electronic payment system
 - 8) Programming the rules and implementing the functions of issuing and receiving loans
 - 9) Programming the rules and implementing the functions of buying and selling credit funds

- The testing of platform`s basic functional:

Alpha testing of the **Cryptoloans** platform functionality and fixing bugs, according to compiled bug-reports.

- Preparing for the main round of selling **LoanCoin** tokens:

Realization of marketing tasks on advertising of the main round of **LoanCoin** tokens sale, preparation of the report on the used funds that were raised during the first round of selling the tokens, preparation of the report on the completed work by the project team.

The sale of tokens within the first round will be based on the "all or nothing" principle. In the case that the amount of funds raised by the end of the campaign will be less than 850 ETH, all raised funds will be returned to buyers of tokens, and the campaign will not be considered successful. This principle is chosen because fundraising is not an end in itself for our project. Our goal is to create the described product. To successfully implement the described tasks in the first round of selling tokens it is necessary to raise at least 850 ETH. If such funds are not raised, there`s no point to mislead token buyers: we will not be able to implement the tasks set.

5.3 The main round of selling *LoanCoin* tokens

During the main round of *LoanCoin* tokens sale will be sold from 3,600,000 *LCN* to 5,850,000 *LCN* at the exchange rate of 1 ETH = 300 *LCN*. All buyers of tokens within the main round will get a bonus of 50% of the number of *LoanCoin* tokens purchased. Thus, from 8000 ETH to 13000 ETH will be raised. The funds received will be used to implement the following tasks:

- Development of additional functional for the *Cryptoloans* platform:
 - 1) Realization of the order book of purchase and sale of cryptocurrency
 - 2) Implementation of the functions of buying, selling and exchange cryptocurrency
 - 3) Expansion of the list of trading instruments and integration of the *Cryptoloans* platform with their blockchain networks
 - 4) Programming of the mechanism for the payment to the clients` insurance fund
 - 5) Creation of a fully-functional database of market history: histories of quotations, spreads, completed trade deals, market sentiments and volumes of purchase and sale of tradable assets
 - 6) Implementation of the designer of trading algorithms
 - 7) Implementation of functions for automatic trading by a given algorithm
 - 8) Integration of the market history database into the tester of trading algorithms
 - 9) Implementing a secure mechanism for transferring crypto assets into cold wallets and back
 - 10) Implementation of two-factor authentication
 - 11) Expansion of the number of payment systems used
 - 12) Implementation of mechanisms for confirming actions with a multi-signature
- Alpha testing of additional platform functionality and bug fixing, according to compiled bug-reports.
- Development of the beta version of the *Cryptoloans* platform:
 - 1) Integration of additional platform functionality
 - 2) Final architecture development
 - 3) Final design development
- Beta testing of the *Cryptoloans* platform and bug fixing, according to compiled bug-reports.
- Purchase of hardware for the uninterrupted operation of the platform, safe and secure storage of users' funds and the clients` insurance fund.
- Legal support of obtaining licenses for exchange activities and intermediation in the sphere of crediting in the country of registration of the *Cryptoloans* platform.
- Rent/purchase the space for the Platform`s office
- The launch of the *Cryptoloans* platform

- Preparing for the final round of selling the tokens:

Realization of marketing tasks on advertising of the final round of **LoanCoin** tokens sale, preparation of the report on the used funds that were raised during the main round of selling the tokens, preparation of the report on the completed work by the project team.

- Staff salaries.
- Transport costs, business trips, other expenses.
- Negotiations on the listing of **LoanCoin** tokens with cryptocurrency exchanges

The sale of tokens within the main round will be based on the "all or nothing" principle. In the case that the amount of funds raised by the end of the campaign will be less than 8000 ETH, all raised funds will be returned to buyers of tokens, and the campaign will not be considered successful. This principle is chosen because fundraising is not an end in itself for our project. Our goal is to create the described product. To successfully implement the described tasks within the basic round of selling the tokens it is necessary to raise at least 8000 ETH. If such funds are not raised, there`s no point to mislead token buyers: we will not be able to implement the tasks set. In this case, our team implements the working version of the **Cryptoloans** platform only with the basic functional, which includes:

- 1) Interactive charts
- 2) Customer`s personal cabinet
- 3) Designer of loan applications and offers
- 4) Integration with electronic payment system
- 5) The function of issuing and receiving loans
- 6) The possibility of purchase and sale of credit funds
- 7) The order book of loan applications and offers

5.4 The final round of selling *LoanCoin* tokens

During the final round of the tokens sale will be sold from 1 539 000 **LCN** to 3 879 000 **LCN** at the exchange rate of 1 ETH = 300 LCN. At this stage, no bonuses will be granted to buyers. Thus, from 5130 ETH to 12930 ETH will be raised. The funds received will be used to implement the following tasks:

- Operating expenses:

Staff salaries, rental costs, transport costs, business trips and other expenses related to the daily activities of the company.

- Licensing of activities:

The increased international presence of the platform. Obtaining the necessary permits for the provision of services by the **Cryptoloans** platform in the countries where legislation so requires.

- The legal support:

Legal registration of documents should be handled by professionals. We plan to attract leading legal companies for these purposes in those countries where we will provide our services.

- The advertising of platform:

Carrying out an advertising campaign for the multiple increase in the number of users of the **Cryptoloans** platform in those countries where a license for the provision of services was obtained.

- Development of full-featured mobile applications for iOS and Android.

- Development of an API for connecting outside liquidity.

Over time, many financial institutions: banks, funds, exchanges will pay attention to the capabilities of our platform, and we will prepare a solution for automating the processes of interaction with these organizations.

- Development of API for connection of own trading algorithms:

A lot of traders have the trading systems of their own design, which are not subject to mass distribution. In this regard, such traders need the tools to connect their trading robots to the trading platform: our platform will not be an exception and will provide the necessary solution.

The sale of tokens in the final round will take place according to a secure scenario. In the case that the number of tokens sold will be less than 1,539,000 **LCN**, the unsold tokens will be put up for sale on our service and will be on sale until the last **LCN** token will sold. In this case, our team implements the working version of the platform and will launch it with all functional which includes:

- 1) Customer`s personal cabinet
- 2) Deposit/withdrawal of fiat funds
- 3) Two-factor authentication
- 4) The designer of trading algorithms
- 5) Interactive charts
- 6) The function of issuing and receiving loans
- 7) Confirmation of actions with multi-signature
- 8) Designer of loan applications and offers
- 9) The order book of purchase and sale of cryptocurrency
- 10) The function of purchase, sale and exchange of cryptocurrency
- 11) The possibility of purchase and sale of credit funds
- 12) Integration with electronic payment system
- 13) The order book of loan applications and offers
- 14) The function of automatic trading by a given algorithm
- 15) Secure transfer of crypto assets into cold wallets and back
- 16) Full-featured database of market history: histories of quotations, spreads, completed trade deals, market sentiments and volumes of purchase and sale of tradable assets

The remaining functionality:

- API for connection of own trading algorithms
- API for connecting outside liquidity
- Mobile apps for iOS and Android

will be gradually realized at the cost of the sale of **LoanCoin** tokens and commission income of the **Cryptoloans** platform.

The planned advertising campaign for a multiple increase in the number of users and the licensing of activities in those countries where required by law will also be implemented gradually at the cost of the sale of **LCN** tokens and commission income of the platform.

5.5 About Platform`s Commissions

At the stage of formation of our company, we plan to set record low commission for our services - 0.1% and 1% depending on the operation. **The Cryptoloans platform** will charge a commission of 1% from each side of the loan transaction participants and 0.1% from both parties of the cryptocurrency exchange transaction. Such a low level of commissions is conditioned by the desire to attract a large numbers of users to our service as soon as possible. We are confident that the growth in the number of users and their transactions will more than cover the lower commission in comparison with competing companies.

The commission of the **Cryptoloans** platform will be calculate in US dollars. In the transactions with cryptocurrency, the commission will be calculated on the basis of the current exchange rate of the cryptocurrencies which are involved in the transaction. During the operation, the user will be able to pay the commission with **LoanCoin (LCN) tokens and receive a discount of 25% of the commission amount** or pay a commission in the currency of the transaction.

When **LoanCoin** tokens are used as payment, the cost of the commission will be 0.75% of the transaction amount from each party-participant in the operations of issuing and receiving a loan and 0.075% for operations on cryptocurrency exchange.

The client's insurance fund will get 10% of the commission amount from each transaction made. If the commission is paid by **LoanCoin** tokens, the received tokens will be sold on our exchange to maintain liquidity in conditions of limited emission of **LoanCoin (LCN)** tokens.

Given the potential increase in the number of users of our service and the transactions they have made, the LoanCoin tokens may be in short supply, because every sane user will want to take advantage of the discount they provide, which means that buyers of tokens have an incentive to store their tokens until the full launch of the Cryptoloans platform.

Tokens buyers are financially interested in using the Cryptoloans platform for their daily operations on buying, selling and exchanging cryptocurrencies, so the risk that our project will be unsuccessful, is reduced not only with each new user, but also with every new buyer of LoanCoin tokens!

5.6 The clients` insurance fund

The clients` insurance fund is a specially created at our service cryptocurrency fund, on the wallets of which funds will be accumulated in the amount of 10% of all commission income of the **Cryptoloans** platform. These funds will be used to compensate users in the event of a successful hacker attack on the customers` hot wallets or other force majeure circumstances.

The list of force majeure circumstances includes:

- The successful hacker attack on our service
- Freezing of the customers` funds in the bank accounts of the company
- The bankruptcy of the counterparty companies of the **Cryptoloans** platform (electronic payment systems, payment aggregators, international payment systems), on whose accounts are the users` funds of the platform.

In the event of force majeure, funds accumulated in the accounts of the clients` insurance fund will be distributed among all customers of the **Cryptoloans** platform, in proportion to the amounts of lost funds.

As the number of platform users and the transactions performed by them increase, more and more cryptocurrency assets will accumulate on the fund's purses, which will create a powerful airbag for our customers in the event of force majeure. All the wallets of the clients` insurance fund will be cold, which will protect the accumulated funds from the hands of dishonest individuals.

As a result, the clients` insurance fund will form a cryptocurrency basket, in which, over time, there will be a lot of different cryptocurrencies. This will contribute to the diversification of risks associated with sharp fluctuations in various crypto assets. In the end, the users` trust to our service will grow with each transaction performed!

6. Functionality of the **Cryptoloans** platform

To use the services of the **Cryptoloans** platform, all customers will have to undergo a simple registration procedure using e-mail or social networks. You will be able to register in the system with VK, Facebook and LinkedIn. Initially, the **Cryptoloans** platform will be available in English and Russian. In the future, the list of supported languages will be expanded as the project develops.

6.1 Customer's personal account

After registration in the system, each client will be provided with a unique **personal account of the customer** with a unique identification number. All registered users will be given the opportunity to create personal electronic wallets with cryptocurrencies' addresses used on our service. Each wallet will have its own password to confirm outbound transactions, which coincides with the password from the client's personal cabinet. At its discretion, users will be able to change the password to a unique one, which does not coincide with the password from the client's personal cabinet and other wallets. Also, users will be given the opportunity to disable the use of passwords for outbound transactions.

All services of the **Cryptoloans** platform will be available only through the client's personal cabinet and API interface. Users who are registered on the **Cryptoloans** platform will have the opportunity to buy and sell cryptocurrency, exchange cryptocurrency, lend to other users and buy cryptocurrency on credit. In case the platform client purchased cryptocurrency on credit, He will automatically receive the borrower status, and in turn the client who sold the cryptocurrency on credit will receive the status of a lender. Each user of the **Cryptoloans** platform will be able to be a borrower and a lender at the same time.

For the security and safety of its funds, users of our service will be able to use the procedure of two-factor authentication for accessing the client's personal cabinet.

Despite the fact of mandatory registration as a user of the platform, all personal data of our customers will not be accessible to third parties.

The personal data of users include: login, password, IP address, MAC address, login method, E-mail, wallets' addresses and assets that the user has, links to social networks accounts, the list of transactions made, history of transactions for the purchase and sale of cryptocurrencies and issuance-receipt of loans, name, surname, passport data, payment card data.

In the personal account, the user will be able to select the service he needs, and then go to the page where he will be able to take full advantages of the **Cryptoloans** platform. On the pages of the services of buying, selling and exchanging cryptocurrencies, issuance-receipt of loans, as well as market history, users will watch interactive graphs of quotations that show the current and historical cost of the selected instrument.

6.2 The Interactive graphs of quotations

The graphs of quotations will be of the following types:

- Bar chart
- Candlestick chart
- Line Chart

The graphs of quotations will be of the following time periods:

- 5 minutes
- 10 minutes
- 15 minutes
- 30 minutes
- 1 hour
- 2 hours
- 3 hours
- 4 hours
- 6 hours
- 8 hours
- 12 hours
- 1 day
- 3 days
- Week
- Month
- Quarter
- Year

6.3 Trading Indicators

Immediately after the official release of the additional functional of the **Cryptoloans** platform, our users will be able to apply trading indicators to the trading charts, draw support and resistance levels, trend lines, build the trade channels, Fibonacci levels, regression lines and save the resulting graphics to their computer.

At this stage, the following trade indicators will be available to our customers:

- Spread
- Fractals
- Alligator
- Volumes
- Momentum
- Bulls power
- Bears power
- Price channel
- Moving average
- Bollinger bands
- Money Flow Index
- Standard deviation
- Average true range
- Stochastic oscillator
- Relative Strength Index
- Accumulation/distribution
- Commodity channel index
- Moving average convergence/divergence

Under the charts of quotations there will be a working area where, depending on the selected service, users will be able to make transactions for the purchase and sale of cryptocurrency, place pending orders, design loan contracts, enter into loan contracts, see the current open orders and pending orders, the history of transactions, to design the trading algorithms and test the solutions obtained.

6.4 Cryptoloans platform services

6.4.1 Requests for the sale of cryptocurrency on credit

Creation of requests for the sale of cryptocurrency on credit will allow our clients to design their own loan offers, which will indicate the selling price of the asset, the loan period, interest on the loan and the total value of the loan contract. Then these requests will be published in the order book of loan applications and offers in order that potential borrowers can choose a suitable offer for themselves. If in the order book of loan requests and offers at the time of publication of the order for the sale of cryptocurrency on credit, there is an order for the purchase of cryptocurrency on credit on identical terms - such orders will be executed automatically.

6.4.2 Requests for the purchase of cryptocurrency on credit

Creation of requests for the purchase of cryptocurrency on credit will allow our clients to design their own loan proposals, which will indicate the purchase price of the asset, the loan period, interest on the loan and the total value of the loan contract. Then these requests will be published in the order book of loan applications and offers in order that potential lenders can choose a suitable offer for themselves. If in the order book of loan applications and offers at the time of publication of a request for the purchase of cryptocurrency on credit, there is a request for the sale of cryptocurrency on credit on identical terms - such requests will be executed automatically.

6.4.3 Sale of cryptocurrency on credit

The sale of cryptocurrency on credit will allow cryptocurrency investors who assume a decrease in the value of an asset, to diversify their risks and guaranteed to earn money by selling their cryptocurrency on credit at the current price or higher. The interest on the loan, the crediting period and the sale price of the asset will be formed by the investor-creditor himself with the help of the designer of loan requests and offers. Also, the investor-creditor will have the opportunity to choose a suitable request for obtaining a loan from the order book of loan applications and offers and become a creditor on terms of the borrower.

At the time of the transaction, the investor-borrower pays, and the investor-creditor receives the first payment under the loan contract. The coins sold on credit are blocked on the wallet, which is pegged to the borrower's personal account, but belongs to the platform, until the full loan repayment. In the event that the borrower delays the next payment under the loan contract, the sold` coins are returned to the creditor, and all payments paid in favor of the lender remain in his possession. Such an approach motivates the borrower to fulfill his obligations on time and allows guarantee the return of funds to the creditor, without resorting to expensive services of collection organizations.

Thus, the investor-creditor is guaranteed to earn money, regardless of the solvency and intentions of the borrower, and also receives a guarantee of the return of the sold` coins, in case the borrower ceases to fulfill his obligations. The borrower, in turn, receives at his disposal the purchased coins, which he will be able to sell partially or completely, as well as to credit by them other users on the platform **Cryptoloans**. The borrower will be able to withdraw the purchased coins only after the loan is fully repaid.

The lender will be able to manage the funds received from the sale of coins at his own discretion and withdraw it at any time.

Example:

One of the **Cryptoloans** platform users has 1 BTC at its disposal. He assumes that in the next few months the price of the Bitcoin cryptocurrency will fall and, in connection with this, makes a decision to sell its cryptocurrency on credit. In order to implement his plan user transfers his funds to the cryptocurrency address, which is linked to his account in our system, and then, with the help of the designer of loan applications and offers, makes a credit offer with the following conditions:

Transaction volume = 1 BTC

Credit period = 10 months

Sales price = 6000 USD

Interest on a loan = 3% per month

Number of monthly payments = 10

Monthly payment = \$ 780

The total value of the loan contract = 7800 US dollars (without commission of the platform)

After the registration of the offer for lending, 1 BTC is blocked on the creditor's wallet, and the offer for credit goes to the order book of loan applications and offers, where it draws the attention of another **Cryptoloans** platform user which decides to enter into a loan contract on a creditor's terms.

The second user transfers the funds to the appropriate wallet, tied to his account in our system, and then makes an operation to purchase the cryptocurrency under the above specified conditions. At the time of the transaction, the funds from the borrower's fiat wallet are debited in the amount of USD 787.8 (the amount of the monthly payment plus the system commission). If the second user at the time of the transaction decided to use the **LoanCoin (LCN)** token to pay for the platform commission, then 780 US dollars will be debited from his fiat wallet, and from the corresponding cryptocurrency address - the equivalent of 5.85 US dollars in **LCN** tokens (if paying commission by **LoanCoin** tokens, commission is reduced by 25%). This equivalent will be calculated automatically based on the current price of the **LoanCoin** token on our exchange.

The monthly payment of \$ 772.2, minus the commission of the **Cryptoloans** platform, is transferred to the appropriate creditor wallet and is available for withdrawal in any accessible way. In case the investor-creditor during design of the loan offer decided to use the **LoanCoin (LCN)** tokens to pay for the platform fee, then his wallet will be credited with 780 US dollars, and the equivalent of 5.85 US dollars in tokens **LCN** will be written off from the corresponding cryptocurrency address (when commission is paid by **LoanCoin** tokens, the commission is reduced by 25%). This equivalent will be calculated automatically based on the current price of the **LoanCoin** token on our exchange.

Then 1 BTC is transferred to the cryptocurrency address, which associated with the account of the second user, and blocked for withdrawal until the last payment under the loan contract is paid off. At the same time, 1 BTC can be used in full or in part to issue loans to third parties, as well as can be sold on our exchange without preliminary repayment of the loan.

Then there may be several options for the development of events:

- 1) The second user regularly pays monthly payments under the loan contract of \$ 780 plus the system commission, depending on the method of payment - \$ 7.8 or the equivalent of \$ 5.85 in ***LoanCoin (LCN)*** tokens. After making the last payment under the loan contract, 1 BTC becomes available for withdrawal.
- 2) The second user stops paying monthly payments under the loan contract. In that case, 1 BTC is returned to the lender, and monthly payments which were paid under the loan contract also remain in his ownership.
- 3) The second user decides to sell 1 BTC in full or in part at a price higher or lower than the purchase price without prior loan repayment. The examples of such operations will be reviewed in the relevant section.

6.4.4 Purchase of cryptocurrency on credit

The purchase of cryptocurrency on credit will allow cryptocurrency investors, who assume the rise in the price of asset, to purchase the desired amount of cryptocurrency on credit at the current price or lower, having paid only a portion of its value upon purchase, and then pay the remaining amount in equal installments. This approach potentially increases the profit from investing in the cryptocurrency, while simultaneously reducing the initial investment by several times, and with it potential risks. The interest on the loan, the loan period and the purchase price of the asset will be formed by the investor-borrower himself with the help of the designer of loan requests and offers. The investor-borrower will also be able to choose a suitable loan offer from the order book of loan applications and offers and become a borrower on terms of the creditor.

At the time of the transaction, the borrower pays, and the investor-creditor receives the first payment under the loan contract. The coins bought on credit are blocked on the wallet, which is pegged to the borrower's personal account, but belongs to the platform, until the full loan repayment. In the event that the borrower delays the next payment under the loan contract, the sold` coins are returned to the creditor, and all payments paid in favor of the creditor remain in his possession. The borrower will be able to withdraw the purchased coins only after the loan is fully repaid. The lender will be able to manage the funds received from the sale of coins at his own discretion and withdraw it at any time.

After receiving of the purchased coins, the borrower has the right to sell them partially or completely, as well as to credit by them other users of the **Cryptoloans** platform without prior loan repayment. Thus, the borrower is given the opportunity to earn money by increase the exchange rate of the purchased cryptocurrency, provided that the value of coins at the time of sale will be higher than the aggregate cost of the loan (the total cost of the loan includes the cost of buying coins, indicated in the loan contract, accrued interest on the loan and commission of the platform).

Example:

One of the **Cryptoloans** platform users has at its disposal \$ 130. He assumes that in the next few months the price of cryptocurrency Ether will rise and, in this connection, decides to buy 3 coins of Ether on credit. In order to implement his plan user transfers his funds to the appropriate wallet, which is linked to his account in our system, and then, with the help of the designer of loan applications and offers, makes a loan application with the following conditions:

Transaction volume = 3 ETH

Credit period = 9 months

Purchase price = \$ 900

Interest on a loan = 3% per month

Number of monthly payments = 9

Monthly payment = \$ 127

The total value of the loan contract = 1143 US dollars (without commission of the platform)

After the registration of the request for a loan, USD 130 is blocked on the relevant borrower's wallet, and the request for a loan goes to the order book of loan applications and offers, where it draws the attention of another **Cryptoloans** platform user which decides to enter into a loan contract on a borrower's terms.

The second user transfers 3 ETH to the appropriate cryptocurrency wallet, tied to his account in our system, and then makes an operation of selling the cryptocurrency on credit on the specified conditions. At the time of the transaction, the funds from the borrower's fiat wallet are debited at a rate of \$ 128.27 (the amount of the monthly payment plus the system commission). If the borrower, during the drafting of a loan request, decided to use the **LoanCoin (LCN)** tokens to pay for the platform commission, then 127 US dollars will be written off from his fiat wallet, and from the corresponding cryptocurrency address - the equivalent of \$ 0.95 in **LCN** tokens (if paying commission by **LoanCoin** tokens, commission is reduced by 25%). This equivalent will be calculated automatically based on the current price of the **LoanCoin** token on our exchange.

The monthly payment of \$ 125.73, minus the commission of the **Cryptoloans** platform, is transferred to the appropriate wallet of the investor-creditor and becomes available for withdrawal in any accessible way. In case the investor-creditor during design of the loan offer decided to use the **LoanCoin (LCN)** tokens to pay for the platform fee, then his wallet will be credited with 127 US dollars, and the equivalent of 0.95 US dollars in tokens **LCN** will be written off from the corresponding cryptocurrency address (when paying commission by **LoanCoin** tokens, commission is reduced by 25%). This equivalent will be calculated automatically based on the current price of the **LoanCoin** token on our exchange.

Then 3 ETH are transferred to the cryptocurrency address, which associated with the account of the borrower, and blocked for withdrawal until the last payment under the loan contract is paid off. At the same time, 3 ETH can be fully or partially used for issue loans to third parties, as well as can be sold on our exchange without prior loan repayment.

Then there may be several options for the development of events:

- 1) The borrower regularly pays monthly payments under the loan contract of \$ 127, plus the system commission, depending on the method of payment - \$ 1.27 or the equivalent of \$ 0.95 in **LoanCoin (LCN)** tokens. After making the last payment under the loan contract, 3 ETH become available for withdrawal.
- 2) The borrower ceases to pay monthly payments under the loan contract. In this case, 3 ETH are returned to the investor-creditor, and the monthly payments which were paid under the loan contract also remain in his ownership.
- 3) The borrower decides to sell 3 ETH fully or partially at a price higher or lower than the purchase price without prior loan repayment. The examples of such operations will be reviewed in the next section.

6.4.5 Sale of cryptocurrency which was purchased on credit without prior loan repayment

The sale of cryptocurrency purchased on credit without a prior loan repayment will allow borrowers to earn on the growth in the price of the purchased cryptocurrency without covering its cost. Thus, the investor-borrower will have an opportunity to increase the invested funds in several times on the condition that the sale of cryptocurrency purchased on credit will occur in the shortest possible time at a price much higher than the purchase price of the asset.

For the sake of simplicity in describing the mechanisms for selling cryptocurrency that was purchased on credit, we introduce the notion of "credit cryptocurrency" - is cryptocurrency that was purchased on credit on which has not yet fulfilled the obligations on the part of the borrower. The credit cryptocurrency can be used to issue new loans, as well as can be sold on our exchange. **It differs from ordinary cryptocurrency only in that it cannot be withdrawn from our platform. The credit cryptocurrency becomes the ordinary cryptocurrency right after the borrower will fully repays his obligations under the loan contract.**

Let's consider examples of possible operations with credit cryptocurrency:

1) Sale of credit cryptocurrency in parts or in full

The funds received at sale will be distributed between the borrower and the creditor in such a way that the borrower will profit in case of sale at a price higher than the purchase price of the loan contract, or loss - in case of sale at a price below than the purchase price of the loan contract. The lender, in turn, will receive all the funds, due according to the terms of the loan contract.

In the case of the sale of credit cryptocurrency in full at a price below than the purchase price of the loan contract, the borrower's wallet must have funds that will cover the resulting loss. These funds will be written off and transferred to the investor-creditor at the time of sale together with the remaining amount of regular payments under such a contract, and the contract itself will be closed automatically.

In the case of the sale of a proportion of the credit cryptocurrency, the remaining amount of regular payments will decrease respectively, if the funds provided by the sale will not be insufficient to fully repay the loan. Otherwise, the remaining amount of regular payments will be transferred to the investor-creditor, and the loan contract will be closed.

In case of selling a proportion of the credit cryptocurrency at a price below than the purchase price of the relevant part of the loan contract, the borrower's wallet must have funds that will cover the resulting loss. These funds will be written off and transferred to the investor-creditor at the time of sale together with the funds received from such sale or with the remaining amount of regular payments under the loan contract if this amount is less than the amount of received funds.

In the event that the borrower has sold only a part of the credit cryptocurrency and for the remaining amount of the loan contract ceases to fulfill his obligations - the remaining coins are returned to the creditor and the amount of regular payments which he has received also remains in his ownership.

Example 1 Sale of credit cryptocurrency in full volume at a price higher than the purchase price of the loan contract:

The borrower has purchased 3 BTC on credit on the following terms:

Sales price = \$ 21,000

Credit period = 10 months

Monthly payment = \$ 2730

Interest on a loan = 3% per month

The total value of the loan contract = 27300 US dollars (without commission)

After 5 months, the price of purchased coins increased to 30,000 US dollars and the borrower has decided to take profit by selling the credit cryptocurrency. To this end, he has created the order for the sale of 3 BTC for 30,000 US dollars, which was placed in the order book, where it was automatically executed due to the presence of a counter order for the purchase of coins at the same price for that amount.

The proceeds from the sale of coins were distributed by the **Cryptoloans** platform as follows:

- US \$ 13,650 has written off and transferred to the creditor to pay off the remaining amount of regular payments under the loan contract; the loan contract is closed
- US \$ 16350 has remained in the ownership of the borrower and became available for withdrawal in any accessible way

As a result, the creditor earned \$ 6,300 or 30%, and the borrower in turn - \$ 2,700 or 19.78% of the invested funds: \$ 13,650 for 5 regular payments.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan of 1% or 0.75%, depending on the method of payment, and the commission for the transaction of buying and selling the cryptocurrency in the amount of 0.1% or 0.075%, depending on the method of payment.

Example 2 Sale of credit cryptocurrency in full volume at a price below than the purchase price of the loan contract:

The borrower has purchased 8 BCH on credit on the following terms:

Sales price = \$ 12,000

Credit period = 8 months

Monthly payment = \$ 2100

Interest on a loan = 5% per month

The total value of the loan contract = 16800 US dollars (without commission)

After 5 months, the price of purchased coins dropped to 8,000 US dollars, and the borrower has decided not to expose his money to further risk and sell the credit cryptocurrency. To this end, he chose from the order book the order for buy cryptocurrency with the following parameters:

Transaction volume = 8 BCH, sales price = \$ 8,000

The difference between the value of the loan contract and the sale price of the credit cryptocurrency is \$ 8,800.

The total amount of remaining monthly payments under the loan contract is 6,300 US dollars.

These funds of \$ 6,300 were written off and transferred to the lender at the time of sale, the loan contract was closed, and the remaining amount of \$ 1,700 had remained in the ownership of the borrower and available for withdrawal in any accessible way.

As a result, the creditor earned 4800 US dollars or 40%, and this despite the fact that the sold cryptocurrency lost in price 33.33%.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan of 1% or 0.75%, depending on the method of payment, and the commission for the transaction of buying and selling the cryptocurrency in the amount of 0.1% or 0.075%, depending on the method of payment.

Example 3 Sale of a proportion of the credit cryptocurrency at the price higher than the purchase price of the loan contract:

The borrower has purchased 300 ZenCash on credit on the following terms:

Sales price = \$ 4,500

Credit period = 5 months

Monthly payment = \$ 1215

Interest on a loan = 7% per month

The total value of the loan contract = 6075 US dollars (without commission)

After 3 months, the price of purchased coins increased to \$ 7,500 and the borrower decided to sell 150 ZEN to diversify his risks from a possible market correction. To this end, he has created the order for the sale of 150 ZEN for \$ 3,750, which was placed in the order book, where it was automatically executed due to the presence of a counter order for the purchase of coins at the same price for that amount.

The proceeds from the sale of coins were distributed by the **Cryptoloans** platform as follows:

- US \$ 2430 was written off and transferred to the creditor to pay off the remaining amount of regular payments under the loan contract; the loan contract was closed
- \$ 1320 has remained in the ownership of the borrower and became available for withdrawal in any accessible way

As a result, the creditor earned \$ 1,575 or 35%, and the borrower in turn - \$ 1,425 (taking into account the current value of the remaining 150 ZEN) or 39.09% of the invested funds: \$ 3,645 for 3 regular payments.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan of 1% or 0.75%, depending on the method of payment, and the commission for the transaction of buying and selling the cryptocurrency in the amount of 0.1% or 0.075%, depending on the method of payment.

Example 4 Sale of a proportion of the credit cryptocurrency at the price below than the purchase price of the loan contract:

The borrower has purchased 12 Ether on credit on the following terms:

Sales price = \$ 4,800

Credit period = 8 months

Monthly payment = \$ 840

Interest on a loan = 5% per month

The total value of the loan contract = 6720 US dollars (without commission)

A month later, the price of purchased coins dropped to \$ 3,600 and the borrower decides to reduce his risks and sell 1/3 of the credit cryptocurrency. To this end, he chose from the order book the order for buy cryptocurrency with the following parameters:

Transaction volume = 4 ETH, sales price = \$ 1,200

To perform such an operation, the borrower had to have \$ 1,040 on his fiat wallet to cover the resulting loss due to the negative difference between the cost of 1/3 of the loan contract and the sale price of 4 ETH.

The amount of the above-mentioned funds in the amount of \$ 2,240 was written off and transferred to the lender at the time of sale, and the remaining amount of regular payments under the loan contract, respectively decreased and from that moment became \$ 3,640 or \$ 520 per month, given that the borrower has to pay 7 regular payments.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan of 1% or 0.75%, depending on the method of payment, and the commission for the transaction of buying and selling the cryptocurrency in the amount of 0.1% or 0.075%, depending on the method of payment.

2) Sale of credit cryptocurrency on credit in parts or in full

In this case, a new loan contract is formed between the borrower_1 and the borrower_2 with the new loan conditions. The Borrower_2 pays to the Borrower_1 regular payments under the scheme described in the sections "purchase and sale of cryptocurrency on credit", the guarantee of return funds for the credit contract_2 is credit cryptocurrency of the borrower_2, respectively. The funds derived under the loan contract are frozen in the purse of the borrower_1 on our platform for repayment of obligations to the creditor_1. Subsequently, the amount of these funds will be distributed between the creditor_1 and the borrower_1 in such a way that the creditor_1 will receive all the funds due according to the terms of the loan contract_1, and the borrower_1 will receive a profit or loss:

- In the case of the sale of a loan contract_2 at a price higher than the purchase price of a loan contract_1 (its total value or part corresponding to the loan contract_2), the borrower_1 will make a profit. The funds received will be written off and transferred to the lender_1 at the time of the conclusion of the loan contract_2. The remaining amount of regular payments under the loan contract_1 will decrease respectively, if the amount of funds received will not sufficient to fully repay the loan. Otherwise, the loan contract_1 will be closed.

- In the event of the sale of a loan contract_2 at a price below than the purchase price of a credit contract_1 (its total value or part corresponding to the loan contract_2), the borrower_1 will receive a loss. In this case, the borrower_1 will has to have the funds in his fiat wallet to cover the resulting loss. These funds will be written off and transferred to the lender_1 at the time of the conclusion of the loan contract_2 together with the first payment under this contract. The remaining amount of regular payments under the loan contract_1 will decrease respectively if the amount of funds received will not sufficient to fully repay the loan. Otherwise, the loan contract_1 will be closed.

In case the borrower_1 sold only a portion of the credit cryptocurrency on credit, and for the remaining amount of the loan contract_1 ceases to fulfill his obligations - the remaining coins are returned to the creditor_1, and the amount of regular payments received by the creditor_1 remains in his ownership. Then the credit contract_1 is canceled, and all rights and due payments under the loan contract_2 are transferred from the borrower_1 to the creditor_1.

Example 5 Sale of credit cryptocurrency on credit in full at a price higher than the price of buying a loan contract:

The borrower_1 has purchased 10 ZCASH on credit on the following terms:

Sales price = \$ 3,000

Monthly payment = \$ 350

Credit period = 15 months

Interest on a loan = 5% per month

The total value of the loan contract = 5250 US dollars (without commission)

After 10 months, the price of purchased coins increased to 9,000 US dollars and the borrower_1 has decided to sell 10 ZEC of credit cryptocurrency on credit in order to diversify his risks from a possible market correction. To this end, he has created an offer for the sale of credit cryptocurrency on credit on the following terms:

Transaction volume = 10 ZEC

Credit period = 5 months

Sales price = 9000 USD

Interest on a loan = 3% per month

Number of monthly payments = 5

Monthly payment = \$ 2070

The total value of the loan contract = 10350 US dollars (without commission)

This offer was placed in the order book of loan applications and offers, where it was automatically executed due to the presence of a counter-order for the purchase of cryptocurrency on credit on similar terms.

At the time of the conclusion of the loan contract_2, the same actions took place, which are described in detail with examples in the sections "purchase and sale of cryptocurrency on credit". As a result, the borrower_2 received 10 ZEC, and the first payment on the loan contract_2 in the amount of 2070 US dollars was transferred to the fiat wallet of the borrower_1.

These funds are distributed by the **Cryptoloans** platform as follows:

- US \$ 1750 was written off and transferred to the creditor_1 to pay off the remaining amount of regular payments under the loan contract; loan contract_1 was closed
- \$ 320 has remained in the ownership of the borrower_1 and became available for withdrawal in any accessible way

In this way, the creditor_1 earned \$ 2,250 or 75%

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan in the amount of 1% or 0.75%, depending on the method of payment.

In case the borrower_2 ceases to fulfill his obligations under the loan contract_2, 10 ZEC will be returned to the borrower_1, and the monthly payments paid under the loan contract_2 will remain in the ownership of the borrower_1.

In the event that the borrower_2 will decide to sell 10 ZEC in full or in part at a price higher or lower than the purchase price without prior loan repayment, will take place the actions described in the section "Sale of cryptocurrency, which was purchased on credit, without prior loan repayment".

Example 6 Sale of credit cryptocurrency on credit in full at a price below than the purchase price of the loan contract:

The borrower_1 has purchased 5 Dash on credit on the following terms:

Sales price = \$ 2,700

Monthly payment = \$ 306

Credit period = 12 months

Interest on a loan = 3% per month

The total value of the loan contract = 3672 US dollars (without commission)

After 8 months, the price of purchased coins dropped to 1,500 US dollars and the borrower_1 has decided to sell the credit cryptocurrency on credit to partially compensate for the loss by interest on the loan. To this end, he has chosen from the order book of loan applications and offers the suitable order for the purchase of cryptocurrency on credit on the following conditions:

Transaction volume = 5 DASH

Credit period = 3 months

Sales price = 1500 USD

Interest on a loan = 8% per month

Number of monthly payments = 3

Monthly payment = \$ 620

The total value of the loan contract = 1860 US dollars (without commission)

The difference between the value of the loan contract_1 and the loan contract_2 was \$ 1,812.

The total amount of remaining monthly payments under the loan contract_1 was \$ 1224, and the first payment under the loan contract_2 was \$ 620.

In connection with this, to enter into such a loan contract the borrower_1 had to have additionally \$ 604 in a fiat wallet in order to fully pay off obligations to the creditor_1. These funds were written off and transferred to the creditor_1 immediately after the conclusion of the loan contract_2, and the loan contract_1 was closed.

Thus, the creditor_1 earned 972 US dollars or 36% and this despite the fact that the sold cryptocurrency has lost 44.44% in price.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan in the amount of 1% or 0.75%, depending on the method of payment.

At the time of the conclusion of the loan contract_2, the same actions took place, which are described in detail with examples in the sections "purchase and sale of cryptocurrency on credit". As a result, the borrower_2 received 5 DASH, and the first payment on the loan contract_2 was transferred to the fiat wallet of the borrower_1.

In case the borrower_2 ceases to fulfill his obligations under the loan contract_2, 5 DASH will be returned to the borrower_1, and the monthly payments paid under the loan contract_2 will remain in the ownership of the borrower_1.

In the event that the borrower_2 will decide to sell 5 DASH in full or in part at a price higher or lower than the purchase price without prior loan repayment, will take place the actions described in the section "Sale of cryptocurrency, which was purchased on credit, without prior loan repayment".

Example 7 Sale of a portion of the credit cryptocurrency on credit at a price higher than the purchase price of the loan contract:

The borrower₁ has purchased 1,000 MIOA on credit on the following terms:

Sales price = \$ 3,500

Monthly payment = \$ 563.88

Credit period = 9 months

Interest on a loan = 5% per month

The total value of the loan contract = 5075 US dollars (without commission)

After 5 months, the price of purchased coins increased to 8,000 US dollars and the borrower₁ has decided to sell 875 MIOA of credit cryptocurrency on credit in order to diversify his risks from a possible market correction. To this end, he has created an offer for the sale of credit cryptocurrency on credit on the following conditions:

Transaction volume = 875 MIOA

Credit period = 7 months

Sales price = 7000 USD

Interest on a loan = 3% per month

Number of monthly payments = 7

Monthly payment = \$ 1210

The total value of the loan contract = 8470 US dollars (without commission)

This offer was placed in the order book of loan applications and offers, where it was automatically executed due to the presence of a counter-order for the purchase of cryptocurrency on credit on similar terms.

At the time of the conclusion of the loan contract₂, the same actions took place, which are described in detail with examples in the sections "purchase and sale of cryptocurrency on credit". As a result, the borrower₂ received 875 MIOA, and the first payment on the loan contract₂ in the amount of 1210 US dollars was transferred to the fiat wallet of the borrower₁. These funds were written off and transferred to the creditor₁ immediately after the conclusion of the loan contract₂, and the remaining amount of the regular payments under the loan contract₁, respectively decreased and from that moment became 1045.52 US dollars or 261.38 US dollars per month, given that the borrower has to pay 4 regular payments.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan in the amount of 1% or 0.75%, depending on the method of payment.

In case the borrower_2 ceases to fulfill his obligations under the loan contract_2, 875 MIOA will be returned to the borrower_1, and the monthly payments paid under the loan contract_2 will remain in the ownership of the borrower_1.

In case the borrower_1 ceases to fulfill his obligations under the loan contract_1, 125 MIOA will be returned to the lender_1, the monthly payments paid under the loan contract_1 will remain in the property of the lender_1, the loan contract_1 will be canceled, and all rights and due payments under the loan contract_2 will become the property of the lender_1.

In the event that the borrower_2 will decide to sell 875 MIOA in full or in part at a price higher or lower than the purchase price without prior loan repayment will take place the actions described in the section "Sale of cryptocurrency, which was purchased on credit, without prior loan repayment".

Example 8 Sale of a portion of the credit cryptocurrency on credit at a price below than the purchase price of the loan contract:

The borrower₁ has purchased 100 LTC on credit on the following terms:

Sales price = \$ 7,000

Monthly payment = \$ 1470

Credit period = 5 months

Interest on a loan = 1% per month

The total value of the loan contract = 7350 US dollars (without commission)

After 3 months, the price of purchased coins dropped to USD 50 per 1 LTC and the borrower₁ has decided to sell 50% of the credit cryptocurrency on credit to partially compensate for the loss by interest on the loan. To this end, he has chosen from the order book of loan applications and offers the suitable order for the purchase of cryptocurrency on credit on the following conditions:

Transaction volume = 50 LTC

Credit period = 8 months

Sales price = 2500 USD

Interest on a loan = 3% per month

Number of monthly payments = 8

Monthly payment = \$ 387.5

The total value of the loan contract = 3100 US dollars (without commission)

Thus, the negative difference between the cost of 50% of the loan contract₁ and the loan contract₂ was \$ 575. In connection with this, to enter into the loan contract₂ the borrower₁ had to have the specified amount in a fiat wallet in order to fully cover the arising loss.

The amount of the above-mentioned funds in the amount of 962.5 dollars was written off and transferred to the creditor₁ immediately after the conclusion of the loan contract₂. The remaining amount of regular payments under the loan contract₁ respectively decreased and from that moment became 1977.5 US dollars or 988.75 US dollars per month, given that the borrower₁ has to pay 2 regular payments.

At the time of the conclusion of the loan contract₂, the same actions took place, which are described in detail with examples in the sections "purchase and sale of cryptocurrency on credit". As a result, the borrower₂ received 50 LTC, and the first payment on the loan contract₂ in the amount of 387.5 US dollars was transferred to the fiat wallet of the borrower₁.

The figures are given without taking into account the commission of the Cryptoloans platform for the operation of issuing and receiving a loan in the amount of 1% or 0.75%, depending on the method of payment.

In case the borrower_2 ceases to fulfill his obligations under the loan contract_2, 50 LTC will be returned to the borrower_1, and the monthly payments paid under the loan contract_2 will remain in the ownership of the borrower_1.

In case the borrower_1 ceases to fulfill his obligations under the loan contract_1, 50 LTC will return to the lender_1, the monthly payments paid under the loan contract_1 will remain in the property of the lender_1, the loan contract_1 will be canceled, and all rights and due payments under the loan contract_2 will become the property of the lender_1.

In the event that the borrower_2 will decide to sell 50 LTC in full or in part at a price higher or lower than the purchase price without prior loan repayment will take place the actions described in the section "Sale of cryptocurrency, which was purchased on credit, without prior loan repayment".

6.4.6 Purchase of cryptocurrency

The purchase of cryptocurrency will allow our customers to purchase cryptocurrency assets for the fiat currencies of electronic payment systems. Users will be given the opportunity to buy a cryptocurrency at the current Ask price, which is currently being offered by sellers, using the Buy market order, in which it will be necessary to specify the desired volume. Also, our clients will be able to place their own offers for the purchase of cryptocurrencies - pending orders specifying the desired price and volume. The buyers will be able to place pending orders for purchase below the current price - Buy Limit and above the current price - Buy Stop, as well as choose the type of execution - partial execution of the order when the price is guaranteed, but the full amount is not guaranteed or "Fill or Kill" orders, when price and volume are guaranteed, but there is no guarantee of order execution. After placement, all orders are placed in the order book, where they are waiting for a counter offer. In the event that a counter offer on the sale of cryptocurrency at a similar price with a suitable volume will appear in the order book, counter orders will be automatically executed.

In order to complete the transaction of buying a cryptocurrency, the user will need to have on his wallet in our system a sufficient amount of fiat funds, which includes the transaction value together with the commission of the **Cryptoloans** platform. This amount will be written off from the customer's wallet in favor of the other party to the transaction and the **Cryptoloans** platform at the time of the transaction. Upon completion of this operation, the buyer will receive the number of coins of the purchased cryptocurrency, specified in the parameters of the trade order, on his cryptocurrency wallet.

6.4.7 Sale of cryptocurrency

The sale of the cryptocurrency will allow our customers to exchange their cryptocurrency assets for the fiat currencies of electronic payment systems. Users will be given the opportunity to sell the cryptocurrency at the current Bid price offered by the buyers at the moment, using the Sell market order, in which it will be necessary to specify the desired volume. Also, our clients will have the opportunity to place their own offers for the sale of cryptocurrencies - pending orders specifying the desired price and volume. The sellers will be able to place pending orders for sale above the current price - Sell Limit and below the current price - Sell Stop, as well as choose the type of execution - partial execution of the order when the price is guaranteed, but the full amount is not guaranteed or "Fill or Kill" orders, when price and volume are guaranteed, but there is no guarantee of order execution. After placement, all orders are placed in the order book, where they are waiting for a counter offer. In the event that a counter offer for the purchase of cryptocurrency at the similar price with a suitable volume will appear in the order book, counter orders will be automatically executed.

To perform the transaction of selling the cryptocurrency, the user will need to have on his cryptocurrency wallet in our system a sufficient amount of cryptocurrency funds, which includes the transaction value together with the commission of the **Cryptoloans** platform. This amount will be written off from the customer's cryptocurrency wallet in favor of the other party to the transaction and the **Cryptoloans** platform at the time of the transaction. Upon completion of this transaction, the seller will receive the amount of the currency, specified in the parameters of the trade order, on his fiat wallet.

6.4.8 Cryptocurrency exchange

The cryptocurrency exchange will allow users of the **Cryptoloans** platform to make transactions on buy and sell cryptocurrency for other cryptocurrencies without using fiat currencies or Bitcoin as intermediary currencies. This approach will avoid double conversion and as a result - minimize commission fees for clients, and for cryptocurrency traders - will provide a wide range of trading instruments for the application of their trading strategies.

Our clients will be given the opportunity to purchase and sell cryptocurrency at the current price using market orders Buy and Sell, in which it will be necessary to specify the desired volume. In the same way, users will be able to place requests for the exchange of cryptocurrencies in the form of pending orders specifying the desired price and volume of the transaction. Our clients will be provided with such types of pending orders:

- Buy Limit – pending order to buy below the current price
- Buy Stop – pending order to buy above the current price
- Sell Limit – pending order to sell above the current price
- Sell Stop – pending order to sell below the current price

All pending orders will be available paired with the option of partial execution, when the execution price is guaranteed, but the entire volume of the order is not guaranteed and with strict conditions - "Fill or Kill", when both the entire volume and the price are guaranteed, but the execution of the order is not guaranteed.

After placement, all orders are placed in the order book, where they are waiting for a counter offer. In the event that a counter offer on the exchange of cryptocurrency at a similar price with a suitable volume will appear in the order book, counter orders will be automatically executed.

To perform the exchange of cryptocurrency, the user will need to have on his cryptocurrency wallet in our system a sufficient amount of cryptocurrency funds, which includes the transaction value together with the commission of the **Cryptoloans** platform. This amount will be written off from the customer's cryptocurrency wallet in favor of the other party to the transaction and the **Cryptoloans** platform at the time of the transaction. Upon completion of this operation, the user will receive the number of coins of the purchased cryptocurrency, specified in the parameters of the trade order, on his cryptocurrency wallet.

6.4.9 Automatic trading of cryptocurrency

Automatic trading of cryptocurrency will allow our clients to carry out algorithmic trading of cryptocurrency assets on the **Cryptoloans** platform according to the given trading system, which will be designed with the help of the designer of trading algorithms.

6.4.10 Designer of trading algorithms

The designer of trading algorithms will allow users of our platform to create their own trading systems without its programming, and testing it on available historical quotes. The creation process will be simple and intuitive, because clients will be offered a wide range of market indicators and conditions for opening and closing orders. This will greatly simplify the process of creating trading systems, because now the trader does not need to know the programming languages to write trading robots.

First of all, our customers will be able to use the following tools for automatic market analysis and decision-making:

Logical conditions for opening/closing orders:

1) Trade on time of a day: the conducting of transactions for the purchase, sale and exchange of cryptocurrency strictly at certain times of the day

2) Trade on days of the week: the conducting of transactions for the purchase, sale and exchange of cryptocurrency strictly on certain days of the week

3) Modifying a pending order when a new logical condition is executed

4) Deleting a pending order at a specified time of day

5) Technical indicators of the market and their signals:

- Volumes:

a) Volume above the specified level

b) Volume below the specified level

c) Volume has increased

d) Volume has decreased

- Fractals:

a) The price chart broke through the level of the last fractal up

b) The price chart broke through the level of the last fractal down

- Price Channel (PC):

a) Volatility for the last N bars is in the trading range

b) The price chart broke through the trading range for the last N bars up

c) The price chart broke through the trading range for the last N bars down

- Moving Average (MA):

a) The closing price of the bar is higher than MA

- b) The closing price of the bar below than MA
- c) The price chart crossed MA from bottom to top
- d) The price chart crossed MA from top to bottom

- Crossover of MA:

- a) Fast MA above slow MA
- b) Fast MA below slow MA
- c) Fast MA crossed the slow MA from bottom to top
- d) Fast MA crossed the slow MA from top to bottom

- Bollinger Bands:

- a) The closing price of the bar above than the upper Bollinger Band
- b) The closing price of the bar below than the lower Bollinger Band
- c) The price chart crossed the middle Bollinger Band from bottom to top
- d) The price chart crossed the middle Bollinger Band from top to bottom

- Standard deviation (SD):

- a) The SD line is above the specified level
- b) The SD line is below the specified level
- c) The SD line crossed the specified level from bottom to top
- d) The SD line crossed the specified level from top to bottom

- Market Sentiment Indicator:

- a) The indicator line is above the specified level
- b) The indicator line is below the specified level

- Money Flow Index (MFI):

- a) The MFI line is above the specified level
- b) The MFI line is below the specified level
- c) The MFI line crossed the specified level from bottom to top
- d) The MFI line crossed the specified level from top to bottom
- e) The MFI line has changed its direction upwards

e) The MFI line has changed its direction downwards

- Relative Strength Index (RSI):

a) The RSI line is above the specified level

b) The RSI line is below the specified level

c) The RSI line crossed the specified level from bottom to top

d) The RSI line crossed the specified level from top to bottom

- Stochastic Oscillator:

a) %K line is higher than %D line

b) %K line is lower than %D line

c) %K line crosses %D line from bottom to top

d) %K line crosses %D line from top to bottom

e) %D line above the specified level

f) %D line below the specified level

g) %D line crossed the specified level from bottom to top

h) %D line crossed the specified level from top to bottom

Also, our customers will have options such as:

- Selection of trading instrument for analysis

- The choice of the timeframe of quotations for the analyzed trading instrument

- The choice of the historical period of quotations for the analyzed trading instrument

- Selection of the type of the trade order Buy/Buy Limit/Buy Stop и Sell/Sell Limit/Sell Stop

- Selection of the distance from the current price to the location of the pending order

In the future, our team will complement this list with new indicators and conditions for opening/closing orders. We will be in constant communication with the customers of the **Cryptoloans** platform by the means of communication on our forum, and we will be happy to add the logical conditions and the market indicators proposed by the community. Our users will be able to combine them in any convenient configuration for maximum results. In the designer of trading algorithms, our customers will be able to test the received trading strategy on the historical data that our market history service will provide.

6.4.11 Market history service

Market history service will allow customers of **Cryptoloans** platform to obtain the necessary information for building and testing trading systems: the history of quotes, the history of spreads, the history of completed transactions, the history of purchases and sales, the history of the ratio of sellers and buyers. These data will be available both in the form of interactive graphs, and in the form of spreadsheets, which will be download in CSV file format.

6.4.12 Cold wallets

The storage of cryptocurrency assets on a cold wallet will allow users of the **Cryptoloans** platform to keep their coins in a secure place without resorting to the use of expensive hardware wallets. Thus, our customers will be able to not only safely store their funds, but also save on the purchase of specialized equipment. We will be charging a nominal fee of US \$ 1 per month for each cold address where cryptocurrency assets are storing.

If the user will keep his funds in a cold wallet for less than one month, the commission will be only 1 US dollar. If the customer within a calendar month will transfer his funds from a cold wallet to a hot wallet, and then return the funds or a portion of them back - the commission for this month will not be charged again.

In order to store cryptocurrency assets in a cold wallet, the client will need to transfer his funds to the corresponding cryptocurrency address in our system - information about the transaction will be recorded in the nearest free block of the cryptocurrency network, in doing so the commission for transferring funds within the network falls on the user.

In order to withdraw own crypto assets from a cold wallet, the user will need to submit a corresponding request, which will be executed within 24 hours, depending on the workload of the **Cryptoloans** platform service.

6.5 Cryptoloans Forum

The forum of the Cryptoloans platform will allow our employees to receive feedback from users in the form of comments on the operation of the system, wishes for improving services and the implementation of new solutions. The users in turn will have an additional opportunity to communicate with the platform representatives and get a new bright platform for communication among themselves. With the help of the forum, our clients will be able to agree in advance on the terms of their loan contracts, express their needs and present their ideas and proposals.

7. ROADMAP

October 2017: Formation the concept of secure P2P-crediting

November 2017: www.cryptoloans.top

December 2017: Publication of the Whitepaper

January 2018: The start of the advertising campaign

February 2018: Launch of the *Cryptoloans* Forum

March 2018: The first round of selling *LoanCoin* tokens

April 2018: The start of the platform development

June 2018: Development of the smart contracts for secure P2P-crediting

July 2018: Platform and blockchain integration

September 2018: Launch of the basic services in the *Cryptoloans* platform on the test mode: the first transactions on the platform and the first commission incomes

September 2018: The start of the advertising campaign

October 2018: Publication of the financial results of the *Cryptoloans* platform for the first month of operation and forecast for further development

November 2018: The main round of selling *LoanCoin* tokens

December 2018: The start of development of additional platform functionality

February 2019: Database of the market history

June 2019: Designer of trading algorithms and the automatic trading

July 2019: Launch of the additional services of the *Cryptoloans* on the test mode

September 2019: Official launch of *Cryptoloans Exchange*

September 2019: The start of the advertising campaign

October 2019: Publication of *Cryptoloans* financial results

November 2019: The last round of selling *LoanCoin* tokens

January 2020: The start of the advertising campaign for the *Cryptoloans* promotion

May 2020: Release of mobile apps for iOS and Android

July 2020: API for connecting external liquidity

September 2020: API for connecting trading algorithms

8. The conclusion

In conclusion, would like to say that right now our platform is needed more than ever by all the inhabitants of the Earth and the cryptocurrency community in particular. Judge for yourself: the hardware for the mining of cryptocurrency is becoming more expensive day by day, the value of the cryptocurrency is growing exponentially, the existing cryptocurrency exchanges do not cope with the flow of new customers and close the registration of new users, - as a result the market is monopolized and becomes inaccessible to the majority of the world's population.

Our benefits are clear. Every day thousands and thousands of people around the world face the problems that we solve. Our solutions are needed by all: investors, lenders, borrowers, traders and newcomers of the market.

Given the current dynamics of the growth of the cryptocurrency market capitalization, can be say with confidence that with each passing day more and more people are expressing a desire to acquire the cryptocurrency, but in conditions of limited supply, its price is likely to continue grow exponentially. Consequently, soon the only way to acquire the cryptocurrency for most people will be buying it on credit.

Cryptoloans is the first and only platform that provides services of secure buying and selling cryptocurrency on credit. We have developed a mechanism that allows buyers to enjoy all the advantages of buying cryptocurrency on credit, and investors-creditors - to diversify their risks and guarantee the return of coins, issued in credit, or their declared value.

Own token **LoanCoin** will provide our customers with a unique opportunity to receive a 25% discount on the commission of the **Cryptoloans** platform for issuing and receiving the loans, buying, selling and exchanging the cryptocurrency. The tokens received by our platform will be automatically put up for sale in order to maintain liquidity in conditions of limited emission of tokens (only 10 million). During the first and the main rounds of **LoanCoin** tokens sale, buyers will receive bonuses of 100% and 50% of the number of coins purchased, respectively.

The advantages of buying **LoanCoin** tokens are obvious, but the most important thing is that before the main round of selling tokens, the cryptocurrency community will be already able to use the working version of the platform with the basic functionality that will be realized at the cost of collected funds within the first round of selling tokens.

The project will be implemented by an experienced team of specialists with a strong background in the development of banking applications, applications for analyzing the situation in financial markets and building algorithmic trading systems. We will apply all our experience and skills to successfully implement the functions and tasks described in this document.

Finally, would like to notify the buyers of the tokens that in case of disputes related to the translation of White Paper, the original version of the document will be the Russian version of the Cryptoloans White Paper.

9. The list of information sources

The references to information sources:

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- [2] - <https://cointelegraph.com/news/cameron-winklevoss-predicts-that-bitcoin-will-reach-multi-trillion-value>
- [3] - <https://cointelegraph.com/news/billionaire-fortress-investor-cryptocurrencies-will-be-worth-5-trillion-by-2022>
- [4] - <https://www.cnbc.com/2014/03/11/forex-manipulation-how-it-worked.html>
- [5] - <http://fortune.com/2014/11/12/banks-fined-3-2-billion-to-settle-forex-manipulation-claims/>
- [6] - <http://www.nasdaq.com/article/why-do-most-traders-lose-money-trading-forex-cm768868>
- [7] - https://www.dailyfx.com/forex/fundamental/article/special_report/2015/06/25/what-is-the-number-one-mistake-forex-traders-make.html
- [8] - <http://fortune.com/2017/09/14/bitcoin-bubble-investments-short/>
- [9] - <https://howmuch.net/articles/bitcoin-wealth-distribution>