

MAINFINEX

V.1.

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Introduction

A cryptocurrency exchange to trade cryptocurrency assets, created by the best traders.

Challenges faced by exchanges today

We see that the majority of cryptocurrency exchanges are facing the following unresolved problems:

- Failure to apply global financial practices, and poor interface.

When having their first experience with cryptocurrency, many traders who were previously involved in fiat currency trading notice the scarcity of opportunities in digital currency exchanges. Sometimes traders working with fiat exchanges use one well-equipped and functional terminal with two monitors or multiple terminals with different data sources and up to six monitors. These data as well as various functionalities behind them are vital for traders to work successfully.

Large exchanges are gradually adding new functionalities but none of them has come any close even to the worst examples of the fiat sector.

- Large number of exchanges with little differentiation complicates the choice of platform for operations.

As we have reflected it in our name, we position ourselves as a simple and clear exchange so it would be easy for users to choose it and learn how it works. All the rest – the user-friendly interface and rich set of functionalities based on best current practices – become a reward for the right choice.

- A large number of unsuccessful traders losing money.

Statistics from different asset trading markets vary but overall, more than 70% of traders lose money on exchange transactions.

Our exchange was created by a team including successful traders who understand which mechanisms regular traders need to turn trading into their profession.

- Pain points that are still there.

We never hear about NASDAQ or NYSE getting hacked whereas cryptocurrency exchanges get hacked every month.

Delays in request sending and transaction data confirmation in major cryptocurrency exchanges may reach several minutes (e.g., at the time of peak activity), whereas in fiat exchanges traders have long been fighting to get access to the same data milliseconds or split seconds earlier than others.

This trouble has surely disappointed many professional trading firms or funds – so much that it might be the reason why they are still lingering.

Exchange

Our understanding of the needs of the key trading parties in digital exchanges comes down to the concept “Traders seek liquidity and investors need profitability.”

1. Liquidity and profitability

A mechanism we could build in to solve the problems of traders and long-term investors based on the exchange policy related to trading fees:

- Flexible interest rate depending on the volume, thus reducing the trading fee. The more activity in a trading section, the cheaper it is for that section
- Fees reduced in case of severe price deviation. To reduce volatility and slippage and thus increase liquidity, market-making traders creating liquidity will be charged at a lower rate. The increase in volumes triggered by the reduced fee in case of price deviation will help smoothen out volatility.

2. Reliability

Traders bearing losses have a regressive fee scale depending on the volume of the loss. This mechanism serves to mitigate the consequences of unfavorable deals for a trader.

3. Sustainability "Back to the battle"

Traders who have lost money but made it to the daily TOP 100 based on the volume will receive tokens compensating all the fees they paid or part of the losses. This will help stimulate liquidity in the exchange and create best cryptocurrency market conditions for arbitrage funds. Such funds account for up 80% of transaction in fiat exchanges.

4. Concept: gaming elements of the exchange, buttons, etc. "Titles and statuses"

With the emergence of cryptocurrencies, the world of finance has been transformed. It has to be clear and relevant for our users since the key audience of the exchange is 25-38 years old. Which means they played DOOM 2 when they were school students (in 1994).

Why can't we give simple names to complex financial instruments? It was the stunts and dirty tricks that guys in suits from investment banks played that eventually caused the mortgage crisis.

We have selected the most popular financial instruments that we can provide. They can be understood and activated in one click. We have chosen simple names for them:

- "Forecast"

This button activates an analytical indicator used by most profitable traders

- "Call for help"

Activates a trading robot that will close transactions for you based on algorithms. Trading robots will be provided by successful third party funds

- "Stop me"

Block trading activity for two days. This is a mechanism that successful traders recommend to newbies. Breaks in trading activity help increase the accuracy of decisions and overall profitability

- "Join the group"

This function lets the user transfer money to a pool of professional traders. Similar to PAMM accounts in forex companies

- "Saving up for retirement"

10% from each profitable transaction will be automatically transferred to the annual/call deposit.

Many experienced traders who work for themselves do not care about savings because trading is a constant source of big income. Having such a long-term deposit is one of the key ways to ensure security and can even save a family in the bad times

- "Work for us"

Traders without substantial deposits but with free working hours can make money by performing important tasks for the exchange, like in Amazon Mechanical Turk

- "Vanity fair"

Most successful traders may share their divine trading strategies in a master class for traders, with payment in our tokens.

5. To benefit from certain options like the trading robot or funds management, users will be required to perform specific actions, e.g.:

Purchasing exchange tokens.

Equivalent free options: e.g., reposting our news daily throughout a month, which will also help expand the user's subscriber base.

6. Purchasing liquidity from "mini exchanges"

A partner exchange that will provide liquidity for trading in our exchange or display our depth of market diagram on its website will receive all the relevant fees collected in our tokens.

This is how this mechanism works. Mini exchanges have a permanent audience of traders creating liquidity but due to the small volumes, the mutual liquidity among the participants is low and transactions are infrequent. This is a case of “the chicken or the egg” problem. The more users there are, the more frequently the transactions occur between the same users. Accordingly, a mini exchange will be able to increase the volume of fees collected by 3-4 times by using this opportunity.

7. IEO sale

A shopping cart with all kinds of tokens. Includes both potentially successful and unsuccessful coins that cannot afford to pay the listing fee on their own. We collect the entire pool in a cart and sell it as one portfolio at a greatly reduced price. This gives unsuccessful ICO projects an opportunity to return part of the invested funds. And the users buying such assets at a rate below the cost level have more chances of profiting from price growth. The higher risk of unsuccessful projects in the portfolio compensated by the low price and the potentially high profitability is the key incentive.

8. Exchange Tutorial

Just like in complex computer games such as urban construction simulators or turn-based strategies, at the first stage the player is taught how to use the game’s functionalities before he starts playing it in the full mode.

Finance and cryptocurrencies have never been simple. Every individual financial instrument is based on a complex concept. The simplicity of starting to trade cryptocurrencies and the lack of regulation in the market result in a situation when most traders lose their money and investments.

The tutorial works the same simple way, providing prompts on the sequence of the steps in the exchange.

We will cooperate with several financial regulators to improve this instrument in order to develop new instruments that will help mitigate the risk of losses for each individual trader. At the end, many of the regulators’ tasks come down to managing the consequences of the great financial gap between trading parties.

Tokens

Tokens can be used to pay fees for exchange services, including but not limited to:

- Leverage fees
- Exchange fees
- Services for new tokens
- Services that can become paid in future: Forecast, Call for help, Stop me, Join the group, Saving up for the old age, Work for us, Vanity fair.

1st year	2nd year	3rd year	4th year	5th year
50%	25%	12.5%	6.75%	No discount

Number of tokens: 200,000,000

IEO stages schedule

April 22, 2019	Start of project confirmed
June 28, 2019	White Paper completed
July 10, 2019	IEO plan announced
September 16, 2019	Start of IEO

Token burning

The exchange will quarterly spend 30% of its consolidated gross income to buy and burn tokens.

Why digital exchange?

At the end of 2017 – beginning of 2018, cryptocurrencies updated their historic highs. Then there was a period of a so-called “crypto winter” when prices of many currencies went back to the same level as in the early 2017. During that time, cryptocurrencies as a new sector defined their position relative to the fiat financial world that still holds the leadership.

The projects that were really strong and popular survived that period but their number was extremely small compared to the number of projects that vanished.

The issue that bothered most investors during the crypto winter was that cryptocurrencies don't contain any fundamental assets that could generate value.

So cryptocurrencies would be more attractive and reliable as a long-term investment if they were actually used as an equivalent of money.

But for long-term use of cryptocurrencies, money as an intermediate exchange resource must be less volatile.

Largest companies in the world operate with a margin of 1 to 5 percent of the total turnover. And if in this case the value of money changes at the same rate or more, their businesses will be in the red or in the black according to financial statements depending on the exchange rate of such money.

Therefore, it's easier for businesses to work either with stablecoins that neutralize the risk of price deviation or wait until the volatility of cryptocurrencies goes down which might be impossible for Bitcoin as “digital gold” with a limited volume since it must always be more expensive in the future relative to fiat money because the government mints fiat money on a regular basis whereas Bitcoin will eventually reach the maximum limit of 21,000,000.

Another solution is when all the transactions in the supply and consumption chain start to use one and the same currency, e.g. Bitcoin. In this case the volatility risks will be spread out across all the links of the chain or completely eliminated.

But this is another case of “the chicken and the egg” problem. There should be more cryptocurrency users who naturally use these currencies in their chain. To that end, the volatility must be at the acceptable level. E.g., if the price of Bitcoin was within the range of

USD 9,900–10,100 throughout the year and it was clear that in future the price would also remain within those limits. In this case more businesses would be willing to assume the risk because it would be negligible.

One of the Trojans that could ensure permanent use of cryptocurrencies is inclusion or cryptocurrency mining seamlessly integrated into one the company’s business processes.

Let’s take logistics as an example. Businesses working with foreign suppliers are concerned about improving their material quality assurance standards and maintaining that quality in shipments between different countries and different standards. Blockchain technologies help solve this problem. Therefore, a cryptocurrency that would offer such a solution in a turnkey package that would permanently integrate that solution into the business process, would possess a “fundamental asset.”

The same applies to many types of intermediary activities that could be replaced by blockchain and smart contracts.

As a result, the cryptocurrencies that have no fundamental asset or an asset that continuously generates profit, appear more risky. That’s the wariness that investors all over the world feel when they hear about cryptocurrencies.

Therefore, cryptocurrencies that provide services to other cryptocurrencies are in a sense more fundamentally secured and less risky.

Examples of such cryptocurrencies are Ethereum and Waves. These currencies are platforms to launch other cryptocurrencies; therefore, they are secured by such assets.

In addition, cryptocurrency exchanges provide services to other cryptocurrencies and are secured by the constant necessity to exchange various cryptocurrencies to other cryptocurrencies or fiat money.

According to statistics (*CMC, *1), 281 new exchanges emerged over the period from 2013 till 2019. 39 of them have closed down, primarily because of hacker attacks. I.e. the share of survivors is about 97.6% per annum.

On the other hand, the average survival rate among other cryptocurrency projects is 11% per annum (*2).

	Active exchanges	Cryptocurrency projects
Accrued by 2013	3	22

Accrued by 2019	242	6800
Inactive over the period	39	4510
Average mortality per annum, number	6.5	752

(*2) The statistics exclude exchange projects that did not possess working functionalities at the time of the launch but conducted the ICO, i.e. were at the concept stage but never became implemented.

According to our calculations for a more recent period, 197 new exchanges and 5,092 new cryptocurrency projects emerged in 2017–2019. The survival rate is 93.3% per annum among the exchanges and 62.4% among the cryptocurrency projects.

	Active exchanges	Cryptocurrency projects
Accrued by 2017	45	1708
Accrued by 2019	242	6800
Inactive over the period	26	3828
Average mortality per annum, number	13.1	1914

The insignificant decrease in the survival rates among exchanges by 4.3% (from 97.6 to 93.3%) over six years implies stable position of exchanges in the long run.

The increasing survival rates of cryptocurrency projects in shorter timeframes versus longer timeframes might mean an “interest bubble” for more risky types of cryptocurrency projects that could become profitable in future.

According to research (*3, *4), estimated survival rates of cryptocurrency projects vary:

*3 – 12.4% per annum

*4 – 7.7% per annum

Is the digital exchange market overheated?

According to statistics (*CMC) and research (*5), the turnover of cryptocurrencies directly in trade transactions, interbank transactions, and payments for services amounts USD 306 bn per month. At the same time, the turnover of cryptocurrencies in exchanges is USD 3,960 bn per month (*6), which is 11 times more.

Average monthly exchange turnover	USD 9,340 mn	
Average monthly exchange turnover (excluding TOP 10)	USD 5,940 mn	
Average monthly exchange turnover (excluding TOP 30)	USD 1,550 mn	
Average monthly exchange turnover (excluding TOP 100)	USD 630 mn	

(*6) All the input values for monthly turnover calculations are based on daily trading volumes on June 27, 2019 multiplied by 30.

According to another source of statistics (*BTI) calculating exchange trading volumes minus potential deviation:

Average monthly exchange turnover	USD 14,160 mn	
Average monthly exchange turnover (excluding TOP 10)	USD 3,210 mn	
Average monthly exchange turnover (excluding TOP 30)	USD 34 mn	

Average monthly exchange turnover (excluding TOP 100)	-	-
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According to a source of statistics (*Bitwise) calculating exchange trading volumes minus potential deviation:

Average monthly exchange turnover	USD 19,830 mn	
Average monthly exchange turnover (excluding TOP 10)	-	
Average monthly exchange turnover (excluding TOP 30)	-	
Average monthly exchange turnover (excluding TOP 100)	-	-

Simplified financial model (*7)

Based on the turnover data, we made the following estimates of the average market turnover of exchanges at the fee rate equal to 0.1% per transaction per party.

Fee turnover = 0.1% * 2 * monthly turnover

Turnover at:	CoinMarketCap	BTI	Bitwise
Average monthly exchange turnover	USD 18,680,000	USD 28,320,000	USD 39,660,000
Average monthly exchange turnover (excluding TOP 10)	USD 11,880,000	USD 6,420,000	-

Average monthly exchange turnover (excluding TOP 30)	USD 3,100,000	USD 68,000	-
Average monthly exchange turnover (excluding TOP 100)	USD 1,260,000	-	-

(*7) NOTA BENE! The estimates are not projected revenues. The exchange does not possess its own statistics sufficient to forecast revenues based on the behavior of its own users, and relies solely on data from open sources. One of the indicators provided by BTI shows that the difference in the actual turnover is 100 times once TOP 30 are excluded from the calculation and Bitwise claims that "95% of the reported Bitcoin volume is fake."

Moreover, these calculations shall not serve as basis for decisions to invest into our exchange or buy our tokens. Remember that the cryptocurrency sector is still quite young and it is associated with multiple risks that are hard to predict.

Exchanges also use additional sources of revenue:

- Services to new cryptocurrencies
- Margin loans
- API access
- Miscellaneous sources.

We estimate the potential share of such additional revenues at 25 to 90% of the exchange's revenues other than trading fees.

The key cost categories:

- Development of new services, continuous improvements in security and throughput of the exchange

- Branding and marketing, training courses for the user community, cost to attract new active users
- Management costs, legal and licensing expenses, taxes and costs associated with partner engagement
- Options and costs to maintain or increase the motivation of the team or key employees
- Other costs, including one-off expenses and regular deductions.

What do we offer?

Our cryptocurrency exchange is a peer-to-peer platform that serves to exchange various cryptocurrencies or convert them to the USDT stable coin.

In future users will also be able to convert cryptocurrencies to fiat money (USD), top up the account and withdraw in USD.

What do we do?

We provide a cryptocurrency exchange (trading) service to traders and businesses.

In addition to trading transactions, digital exchange users can benefit from complementing functionalities corresponding to their needs:

- Wallet – helps store multiple cryptocurrencies owned by the user.
- Margin lending – opportunity to attract borrowed funds greatly exceeding the user's account balance (2 to 50 times) for cryptocurrency trading.
- Deposit – storing funds to earn interest depending on the deposit term.

Who is our target audience?

The digital exchange is intended for both cryptocurrency buyers rarely performing transactions with “digital gold”, and traders actively involved in exchange operations to earn their income on the margin between cryptocurrency values at different times.

Some exchange traders belong to the category of arbitrage traders whose goal is to make transactions with several cryptocurrency pairs or at several digital exchanges at the same time to gain profits on the price margin of the same cryptocurrency.

In the B2B segment, the following organizations can use the exchange:

- Trust funds
- PAMM trading communities
- Intraday trading companies
- Proprietary trading companies.

How do we do that?

Exchange users perform all the transactions online in the browser or the website's mobile version. In future they will also be able to use the exchange's app.

For the B2B segment, we provide API with direct access to trading and an opportunity to receive and send trade orders with minimum or no delay.

Who helps us?

Trading activities are based on the increasing popularity of cryptocurrencies and the growing demand for owning and using them.

As new cryptocurrencies enter the market every month, they bring in new cryptocurrency users who become customers of digital exchanges as they need to trade their tokens or to choose where to safely store their savings.

How do people learn about us and how do we deliver value?

The key communication channel is the Internet. We choose the places where our target audience is to tell them about us. Our key audience is men aged 25 to 38. We use the following channels:

- Company blog on the website and on Medium
- Social networks: Facebook, Twitter
- YouTube video channels (own and by other video bloggers)
- Cryptocurrency and digital exchange info aggregators (CoinGecko, CMC)
- Telegram chats and channels.

Cryptocurrency deposits and withdrawals are performed on the user's personal page of the exchange website. Any other exchanges or wallets can be involved.

What do we get?

We charge the following service fees:

- Cryptocurrency exchange (trading) fees
- Fees on services provided to cryptocurrency projects
- Interest on margin lending.

What do we invest in?

We develop and continuously advance technologies to speed up exchange transactions and increase their safety and security.

We study the feedback from many users and monitor their activity (average time spent on the website, exchange website use frequency in the browser and mobile version, frequency of trading transactions, average deposit and wallet top-up amount, average time of ownership for different cryptocurrencies, average transaction (deal) amount, share of margin funds used, demand for other services of the exchange platform).

We create and add new services to attend to the current and future needs related to the exchange.

We are also expanding our user community through our marketing partners.

We cooperate with cryptocurrency projects and provide services to them, and participate in partnerships, which also helps attract new users.

<p>Who helps us?</p> <ul style="list-style-type: none"> • Increasing use and popularity of cryptocurrencies • Cryptocurrency projects for the existing user base 	<p>What do we do?</p> <ul style="list-style-type: none"> • Wallet • Margin lending • Deposits 	<p>How do people learn about us and how do we deliver value?</p> <ul style="list-style-type: none"> • Google indexing • Cryptocurrency and exchange information aggregators CoinGecko and CMC • Chats and channels in Telegram • Company blog on the website and on Medium • Social networks: Facebook, Twitter • YouTube video channels (own and by video bloggers) 	<p>How do we interact?</p> <ul style="list-style-type: none"> • All the interactions are remote • The cycle to convert visitors to active users takes 14 hours after the initial visit 	<p>Who is our target audience?</p> <ul style="list-style-type: none"> • People buying cryptocurrencies to invest funds • Active traders • Arbitrage traders • Funds • Intraday trading companies • Trust funds • Prop trading companies
	<p>Who are we and what do we offer?</p> <ul style="list-style-type: none"> • Trading and exchanging cryptocurrencies • Converting to stable coins 		<p>How do we do that</p> <ul style="list-style-type: none"> • Online on the website • Mobile exchange version • API for businesses and large professional traders 	

<p>What do we invest in?</p> <ul style="list-style-type: none">● Speed and stability increasing technologies to scale up the activity● Security technologies● New services attending to complementary user needs● Lead generation through marketing activities and partners	<p>What do we get?</p> <ul style="list-style-type: none">● Fees on user trade transactions with cryptocurrencies● Fees on services to cryptocurrency projects● Interest on margin lending
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