

LATOKEN

LIQUID ASSETS PLATFORM

Get exposure to real asset prices via crypto

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MISSION

LATOKEN facilitates the broad use of cryptocurrencies in the real economy and allows cryptoholders to diversify their portfolio by getting access to tokens linked to the price of real assets.

1. EXECUTIVE SUMMARY

LATOKEN is a blockchain platform for creating and trading asset tokens. LATOKEN enables asset owners to unlock the value of assets by creating and selling their asset tokens. **As a result, cryptocurrencies will be widely used in the real economy.**

The platform enchances liquidity and transparency of assets, as well as reduces transaction costs. It provides cryptoholders with transparent price discovery and diversification across multiple asset classes as it **allows the creation or listing of third-party asset tokens** compliant with LATOKEN disclosure and legal structure rules. The LATOKEN platform is already operational: asset tokens can be created, listed for sale and traded.

LATOKEN is **based on a profitable home equity marketplace** and a back office for hedge funds founded by Valentin Preobrazhenskiy, who invested $1 million in these businesses.

The LATOKEN team has a strong track record in hedge fund management, development of marketplaces, trading terminals and has worked at companies such as Avega Capital, McKinsey, BCG, Ernst & Young.

We adhere to the principles of sustainable growth, integrity and good governance, which is why we sell a small share of tokens in order to have a strong incentive to develop the product and grow capitalization of LATOKEN (this is not the case when most tokens are sold, and full cash is received in advance without the product in place).

LA is the main currency for trading asset tokens as it is used for market making and liquidity enhancement by the LATOKEN liquidity fund. Thus, **the demand for LA correlates with trading volume on the LATOKEN platform**.

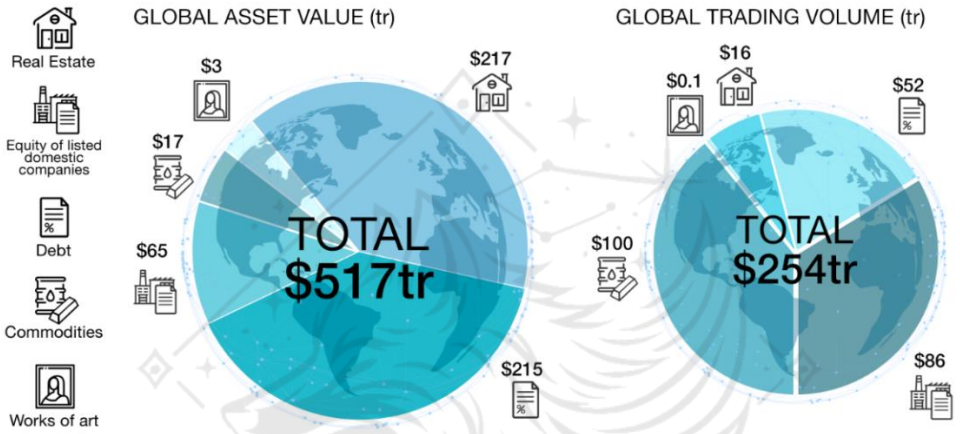
Total value of asset cryptocurrencies could reach $4 trillion by 2025 with global trading volume exceeding $47 trillion. The value of asset cryptocurrencies traded on the LATOKEN platform could reach $1.2 trillion by 2025 with **trading volume exceeding $14 trillion**.

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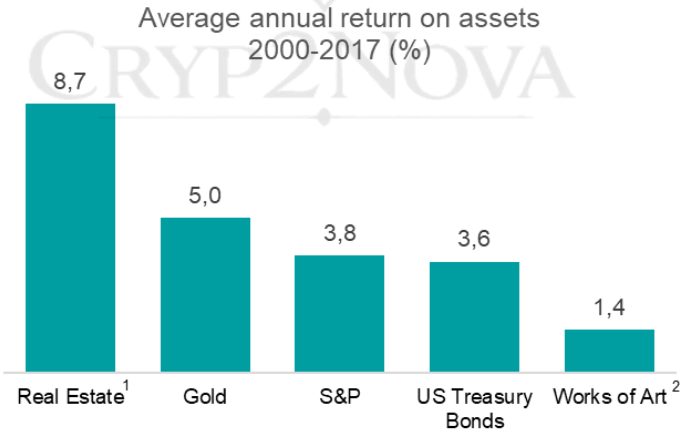
2. VALUE PROPOSITION

2.1. Exposure to the price of real assets for cryptoholders

At LATOKEN, cryptoholders can benefit from being exposed to the price of various real assets: equity, debt, gold, real estate, commodities, artwork. The value of these assets totals $517 trillion and cryptoholders can purchase tokens linked to their price on the LATOKEN platform with low transaction costs and maximum transparency and security.



In addition to trading tokens linked to the price of liquid assets (e.g. shares, commodities, bonds), LATOKEN offers a unique opportunity for cryptoholders to gain exposure to the value of illiquid assets accessible only to large investors (such as real estate and artwork) and thus increase their ROI and diversify their portfolio.



Source: [1] Global Housing Price Index, IMF; [2] Art market barometer, Artprice

The LATOKEN platform makes trading safer with blockchain and faster with AI underwriting. Cryptoholders can buy and sell asset tokens on the LATOKEN platform and manage their portfolio. It provides a trading function, access to credible asset data stored on blockchain, social following, and portfolio analysis tools, while all relevant

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information on traded tokens is available and visible to every user registered on the LATOKEN platform.

2.2. Unlocking asset value by disruptive reduction of transaction costs

LATOKEN allows asset owners to unlock the value of their assets and gain instant liquidity by creating asset tokens and selling them to cryptoholders with minimal transaction costs.

Equity

Listing equity on a stock exchange is a very costly process. Underwriter and bookrunner syndicate fees range from 2% to over 6%[1] of gross proceeds from the offering, application and filing fees average around $25k[2] . Moreover, each year the equity issuer has to pay listing fees exceeding $100k on the leading stock exchanges.

Public companies also have to spend over $100k[3] per annum as remuneration to an independent executive director and audit committee. Listing preparation takes around 6 months, assuming the company is IPO-ready. Broker commission costs of trading equity average 1% for retail investors.

LATOKEN allows equity owners to create asset tokens linked to equity prices with negligible cost and preparations taking up to one week.

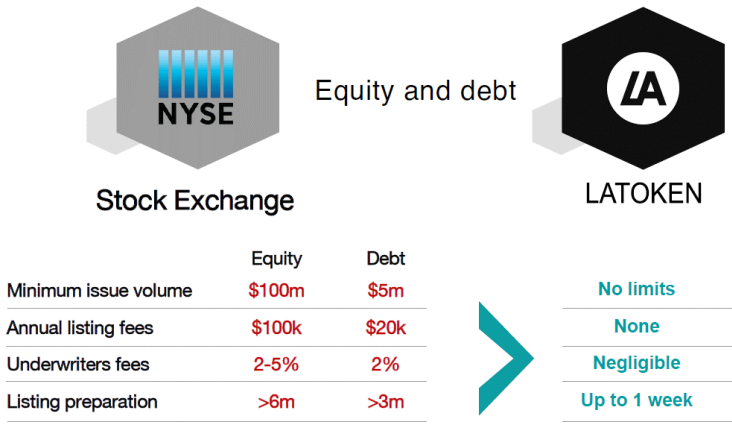
Debt

Issuing debt on a leading stock exchange incurs initial listing fees of ~$20,000 and an annual fee of ~$20,000[4]. Underwriting fees generally amount to over 1% of total gross proceeds from debt issuance. Preparation takes around 3 months and typically requires a lengthy legal proceeding, including NDA signing, disclosure letters, transfer documentation, and the final stage of SPA. Broker commission costs of trading debt average 1% for retail investors. Minimal debt issue amounts reach $5 million at leading stock exchanges.

The issue of selling debt is especially topical for banks constantly looking for ways to increase their liquidity and unlock the value of their portfolios.

[1] *Statista "Average underwriter fee in IPO in the United States from 2014 to 2016"*
[2] *NYSE "Schedule of fees and charges for exchange services"*
[3] *NYSE "Section 9 Exchange Forms"*
[4] *NYSE "Section 9 Exchange Forms"*

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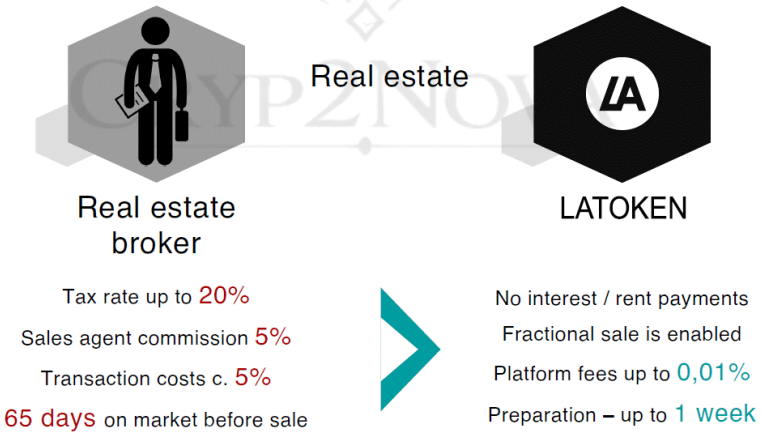
With LATOKEN banks and other lenders can easily gain liquidity creating tokens linked to the value of their debt/loans.

Real estate

High transaction costs make both commercial and residential real estate markets illiquid locking their asset value.

On average home sellers pay their listing agent a commission of about 6%[5] of the price. Other transaction costs amount to ~5% and include escrow costs and recording costs upon sale, title insurance costs. The sale process takes on average not fewer than 65 days. Proceeds from a real estate sale are taxed at a rate of up to 20%[6].

LATOKEN enables real estate owners to gain instant liquidity by creating and selling tokens linked to the market price of their property with minimum transaction costs in a timely manner – less than one week.



[5] *Realtor.com "How Much Does It Cost to Sell a House? Here's a Reality Check"*
[6] *Turbotax.intuit.com "Tax Law for Selling Real Estate"*

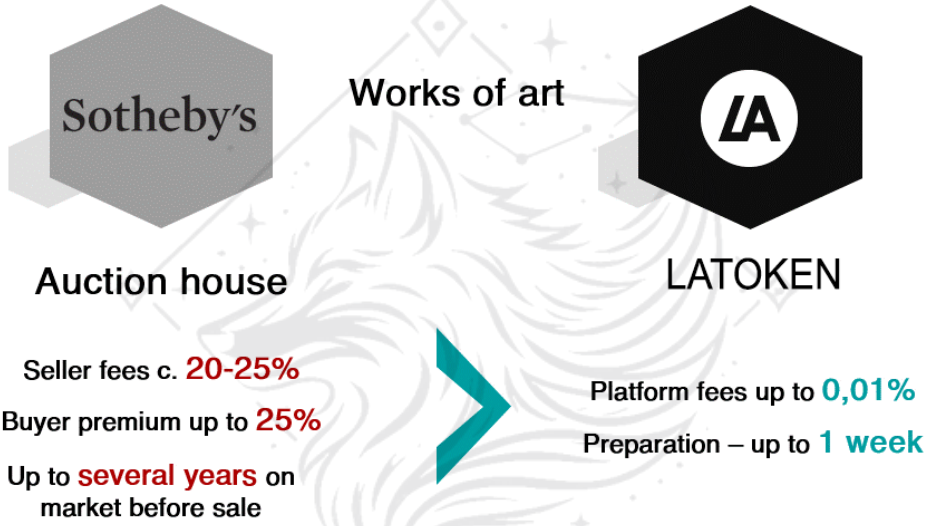
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Artwork

The highly inefficient artwork market associated with high transaction costs is another space for development of the LATOKEN platform.

As per the example below seller fees associated with an artwork sale are 20-25% of the sale price (hammer price) while a buyer's premium is charged up to 25% (according to Sotheby's commission structure). Thus, buyers overpay a significant amount over the hammer price, while sellers receive far less than the auction price.

LATOKEN offers cryptoholders direct exposure to the value of artwork eliminating the middlemen (e.g., dealers and auction houses), dramatically reducing transaction costs and providing fair market valuation and liquidity.



2.3. Elimination of information asymmetry and fraud

The issue of information asymmetry between asset owners and buyers is leading to a significant erosion in the market itself; low-quality assets become more profitable to sell than high-quality assets.

Fraud is another issue troubling the financial sector. There have been numerous legal proceedings arising from fraudulent mortgage-backed securities (MBS) after the 2008 crisis. In 2016, the largest private loan marketplace (Lending Club) lost 80% of its capitalization after investors recognized they could not trust its loan records because of the detected fraudulent records in its loan portfolio database. Leading private UK P2P website Funding Knight filed for bankruptcy in the same year after it ran out of cash due to its non-transparent activities.

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Even with all the financial fortifications in place and armies of back-office employees monitoring the movement of money, fraud is still a significant issue in the financial sector due to separate isolated databases and hard copy data prevailing across the banking sector.

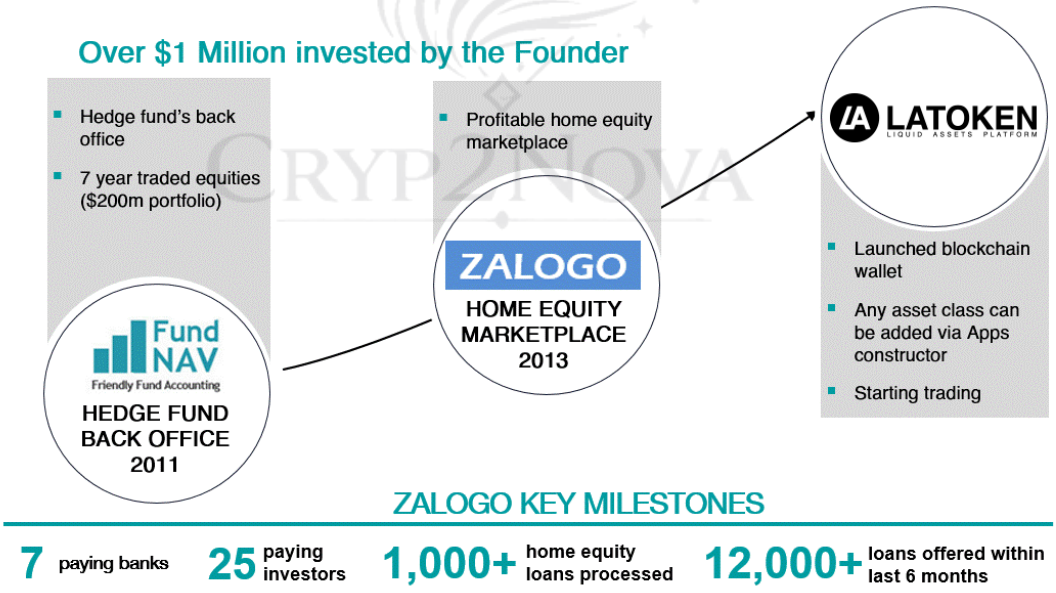
Blockchain technology makes trustworthy data available to both parties prior to the transaction and thus provides greater certainty of its worthiness, thereby reducing risks associated with asymmetric information and fraud.

3. COMPETITIVE ADVANTAGES

3.1. Based on existing profitable business

The predecessor of LATOKEN is the Zalogo (non-blockchain) financial platform, created by the same founder Valentin Preobrazhenskiy. Its principal business was to provide private borrowers with bank loans backed by the value of their real estate assets. The home equity lending marketplace facilitated 12,000 home equity offers from seven banks and 25 investors in 1H 2017 and its operations are profitable.

Prior to that Valentin Preobrazhenskiy gained an extensive expertise in financial markets by creating a back office for two hedge funds and managing equity portfolios for seven years. In total, the founder invested ~$1 million of his own funds in back-office and marketplace infrastructure and development.

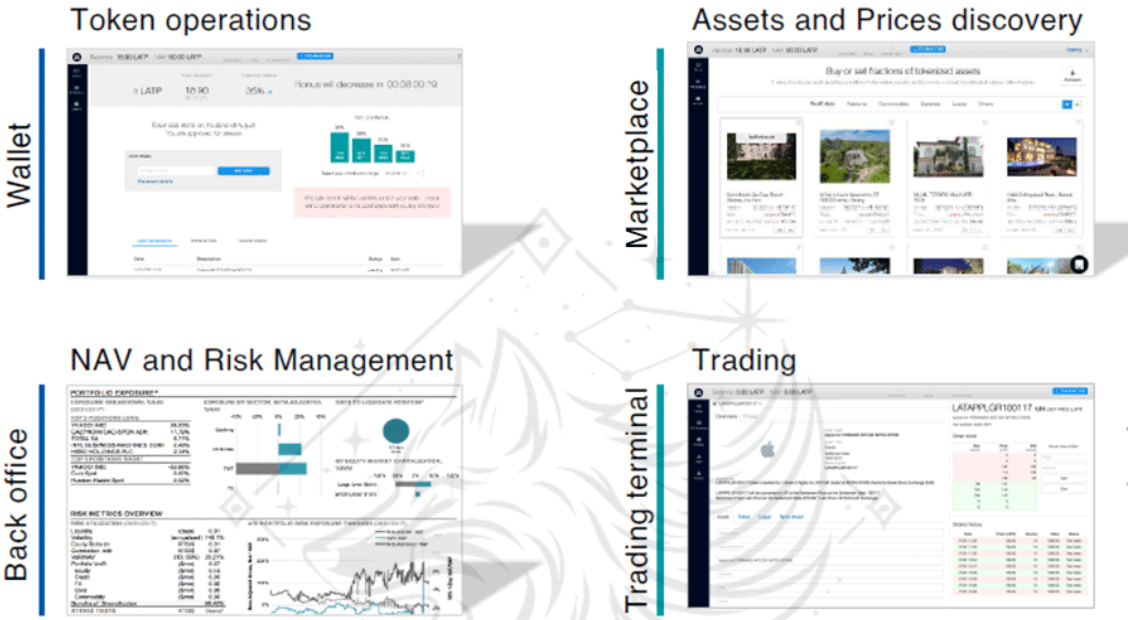


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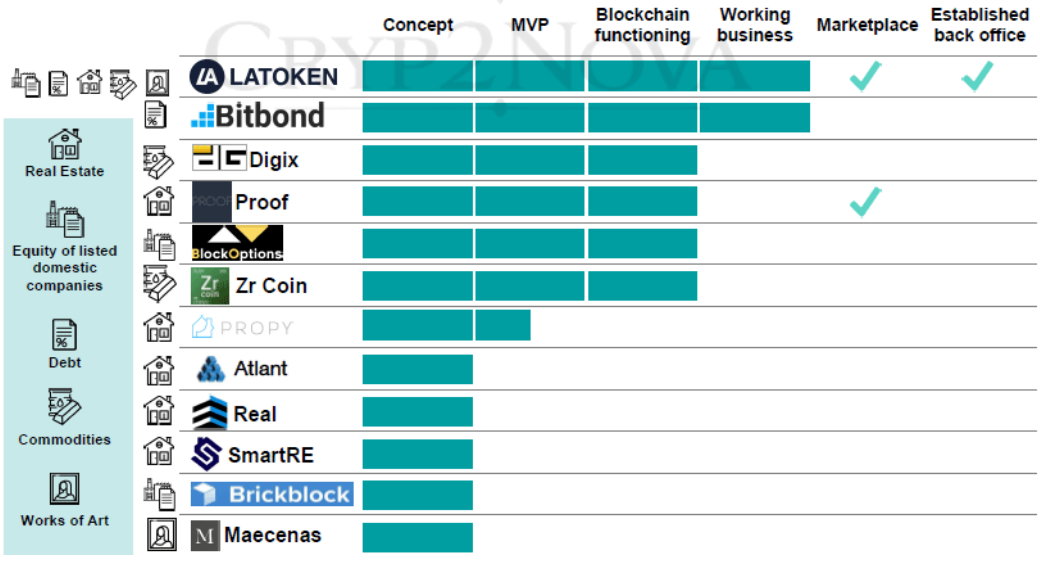
3.2. Already operational platform

The LATOKEN platform is already operational allowing tokens to be created and sold, then traded on the secondary market.

LATOKEN platform infrastructure includes LATOKEN wallet, LATOKEN marketplace, trading terminal and back office



There are many blockchain projects offering tokenization of different asset classes from real estate to equity. However, most of them are in the concept stage. Only LATOKEN has a working business with the marketplace and the back office in place[7].



[7] *Hereinafter in the section: as of 01.09.2017*

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Few projects are already in the working business stage. Bitbond is a peer-to-peer lending platform. Despite its blockchain functionality, it does not provide a secondary market for debt.

Digix is about to launch tokens DGX backed by 1 gram of gold each. After ICO in 2016, capitalization of the company's token DGD increased to more than $160 million. However, it is impossible to get gold-backed DGX so far as the marketplace is not in operation yet.

Some projects created an MVP, allowing trading tokens of a single asset. Proof (company) provides a marketplace for trading tokens of real estate properties; currently it allows trading of four properties in the test mode.

BlockOptions adds blockchain functionality to binary options market and already offers binary options on BTC price movements as an MVP. ZrCoin is a cryptocurrency backed by shares of zirconium mining company.

Many similar projects target real estate, artwork market and some other markets, however they have not completed an MVP so far.

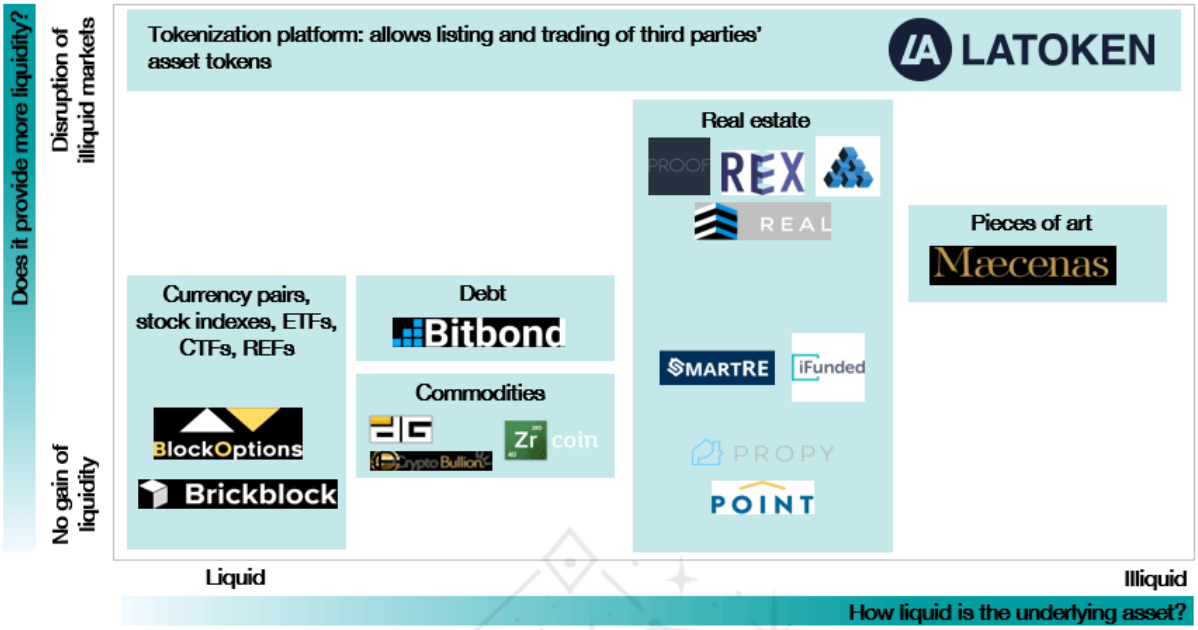
3.3. Wide diversification options across major asset classes

Such projects as Brickblock and Digix work on markets that are already relatively liquid (ETFs, REFs, commodities). These projects involve only part of the problem solved by LATOKEN: seamless transactions and better security for funds, thanks to blockchain functionality.

Some projects ease transactions in one of the illiquid asset classes, such as real estate and peer-to-peer debt, by breaking them into chunks. Very few (e.g. Proof) of these projects enable trading on the secondary market. No competitor allows trading across different asset classes.

At the same time, LATOKEN allows cryptoholders to diversify across all major asset classes ensuring single compliance and disclosure standards. Other asset tokens may also be traded on the LATOKEN platform if they meet compliance standards.

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4. HOW IT WORKS

4.1. Trading of tokens linked to liquid asset price

Publicly traded equity, debt and commodities trade

On the LATOKEN platform, cryptoholders can buy tokens linked to the price of publicly traded assets (shares, bonds and commodities). The process is as follows:

1) LATOKEN issues tokens linked to the price of publicly traded assets (e.g. an Apple share)
2) Cryptoholders buy asset tokens at an auction on the LATOKEN platform using cryptocurrency
3) On a pre-determined settlement date, LATOKEN buys back asset tokens from cryptoholders at the current market price of the underlying asset (e.g. current market price of an Apple share on the NASDAQ)

This is very similar to purchasing a forward contract on a stock exchange. The advantage is that, due to much lower transaction costs on the LATOKEN platform, even small retail cryptoholders can benefit from the upside potential of stocks, bonds and commodities without converting cryptocurrency to fiat.

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4.2. Trading of tokens linked to illiquid asset price

Another advantage of LATOKEN is that it allows asset owners and cryptoholders to easily create and trade tokens linked to the price of previously illiquid assets, such as real estate and artwork. The general process of the asset token creation and sale on the LATOKEN platform consists of 4 steps:

1) Asset owner signs an agreement with a LATOKEN-certified Trustee transferring ownership rights to the Trustee
2) The Trustee issues tokens linked to the price of the asset and sells them to cryptoholders on the LATOKEN platform
3) Cryptoholders may sell asset tokens on a secondary market
4) The asset owner buys back asset tokens on the settlement date or the Trustee sells the asset at a fiat auction

However, there are specific details depending on asset class. Cases of real estate and artwork tokenization are provided below to illustrate these details.

Real estate tokenization

Step 1. Qualification check

Filling out a short questionnaire, an asset owner provides basic information about the real estate property, the share they want to tokenize (maximum share is 80%), settlement date, and their household finances. On the basis of this information, LATOKEN preapproves or rejects the application for tokenization.

In preapproved cases, the asset owner receives an indicative non-binding estimate of his property's value. Then, he is asked to provide a full package of documentation and complete an application.

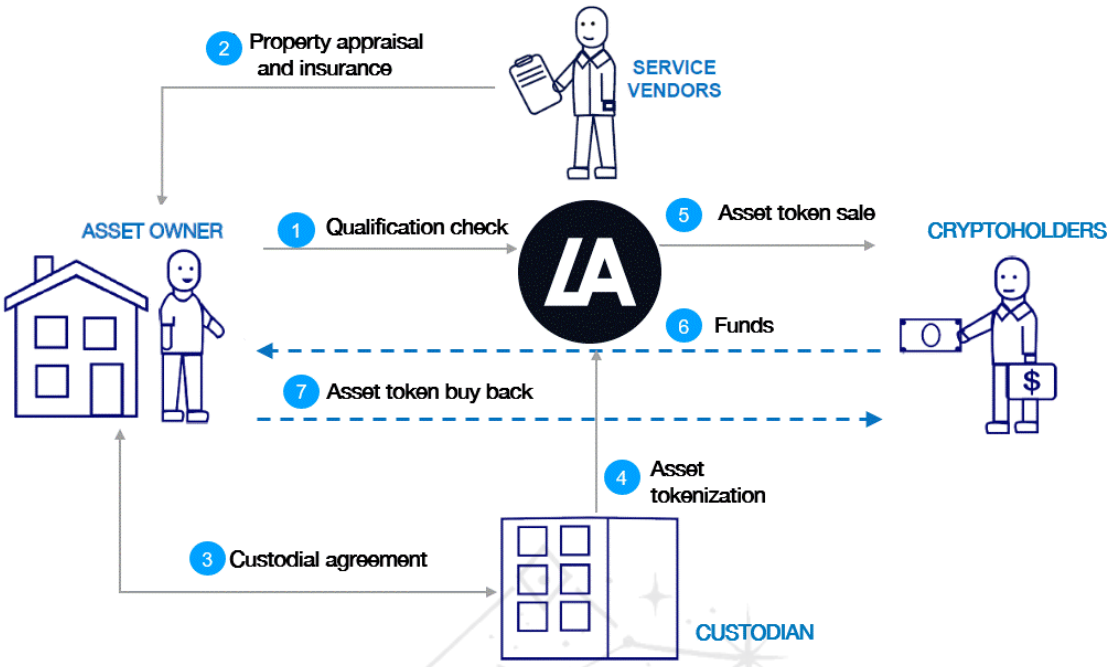
Step 2. Property appraisal and insurance

An independent vendor (selected by the asset owner from a list of LATOKEN-certified appraisal firms) conducts an on-site appraisal of the property. The appraisal report is shared with the homeowner upon completion. The property must be insured by the asset owner prior to tokenization.

Step 3. Custodial agreement

A LATOKEN-certified Trustee receives documents preserving the right to exercise the sale of the property in case it is not bought out (in the US: promissory note, deed of trust and memorandum of option from a property owner)

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Step 4. Asset tokenization

After the custodial agreement is made, the homeowner can create tokens linked to the value of the tokenized part of their property.

Steps 5-6. Asset token sale and transfer of funds

Asset tokens are sold at an auction on the LATOKEN platform to cryptoholders. Proceeds are transferred to the asset owner.

Steps 7. Asset token buy back

A homeowner can buy back asset tokens on a pre-determined settlement date or before.

The buyback price will be determined based on the property's second appraisal, conducted prior to the settlement date. The buyback price is determined in USD value and then converted to LA at the current exchange rate.

Thus, the buyback price may be higher or lower than the initial sale price. If the property depreciates, the cost to buy back the asset token will be proportionally less than the initially originated amount.

If a homeowner decides not to buy back asset tokens, the Trustee will sell the real estate via fiat currency auction. Auction proceeds will be distributed among asset token holders in crypto or fiat currency.

The homeowner does not incur penalties for early redemption. Once asset tokens are bought back, a deed of reconveyance is issued to the homeowner and the asset tokens are eliminated.

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Artwork tokenization

Step 1. Application for sale

The owner of the artwork fills in a form on the LATOKEN platform for artwork tokenization, providing basic asset information, results of previous appraisals (if available), share of asset to be tokenized, and ownership rights.

Step 2. Asset appraisal

Prior to artwork tokenization, it is subject to tests for authenticity, appraisal, and insurance by LATOKEN-certified vendors.

Step 3. Custodial agreement

A LATOKEN-certified Trustee and applicant sign a binding agreement for mandatory future open fiat auction sale of the asset by the settlement date.

Step 4. Asset tokenization

When all legal issues are settled, tokens linked to the value of the artwork are issued on the LATOKEN platform and become available for cryptoholders. All raised funds are transferred to the asset owner (excluding LATOKEN's commission fees).

Step 5. Asset token buy back

By the settlement date, the applicant must sell his artwork at a fiat auction and distribute the proceeds among the asset token holders in LATOKEN platform at the current exchange rate. If he fails to do this, the asset will be sold at a fiat auction by the Trustee.

4.3. Service vendors

The asset tokenization process at LATOKEN platform will be facilitated by independent service vendors: appraisal firms, insurance companies, trustees, law firms. To be registered on the LATOKEN platform, service providers will have to meet strict admission criteria ensuring their reliability and quality of service. Asset owners may select a service vendor of their choosing or from the list of registered providers.

5. LATOKEN PLATFORM

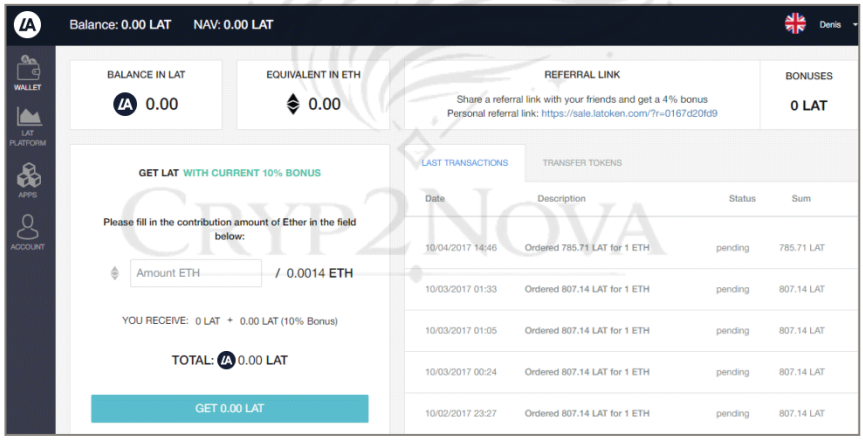
The LATOKEN platform is the heart of the financial blockchain-powered ecosystem. Key elements of the LATOKEN platform are LATOKEN wallet, Asset token constructor, LATOKEN marketplace, trading terminal, and ICO listing.

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5.1. LATOKEN wallet

LATOKEN wallet allows users to control token account balances, make transactions, create new tokens and link them to assets.



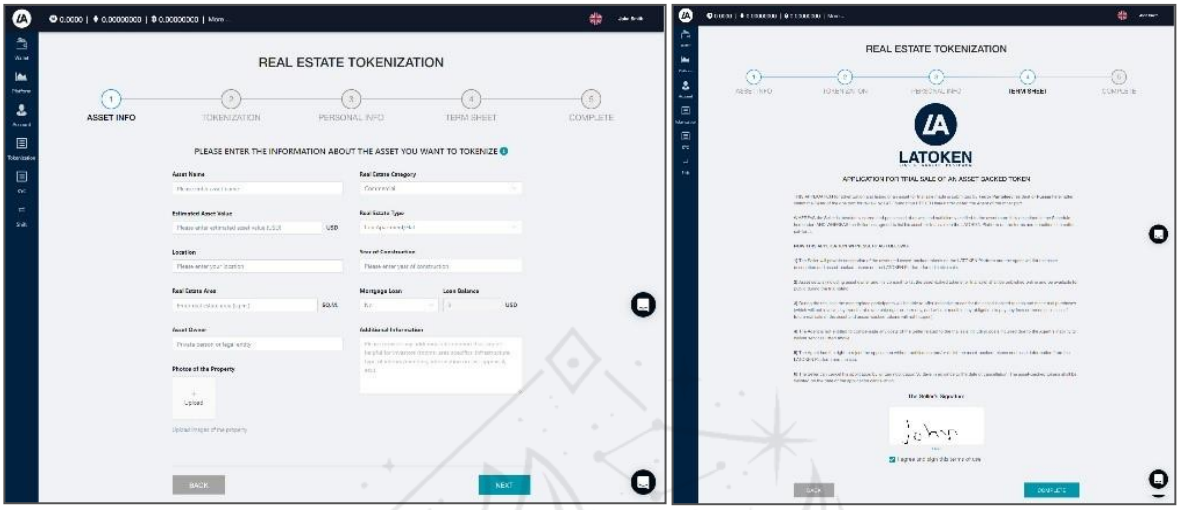
5.2. Asset token constructor

Asset tokenization is set up via Asset token constructor. To issue asset tokens, the asset owner should:

1. Select the token type depending on the desired redemption scheme: bullet type token (enables full redemption on a settlement date) or instalment type token (enables redemption by instalments)

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2. Check the asset's eligibility criteria and select the legal structure
3. Set up smart contract and rules
4. Complete due diligence of the underlying asset and set final legal structure
5. Sign the agreement with a LATOKEN-certified Trustee



5.3. LATOKEN marketplace

The LATOKEN marketplace allows users to:

1. Offer asset tokens for initial sale
2. Manage a personal portfolio

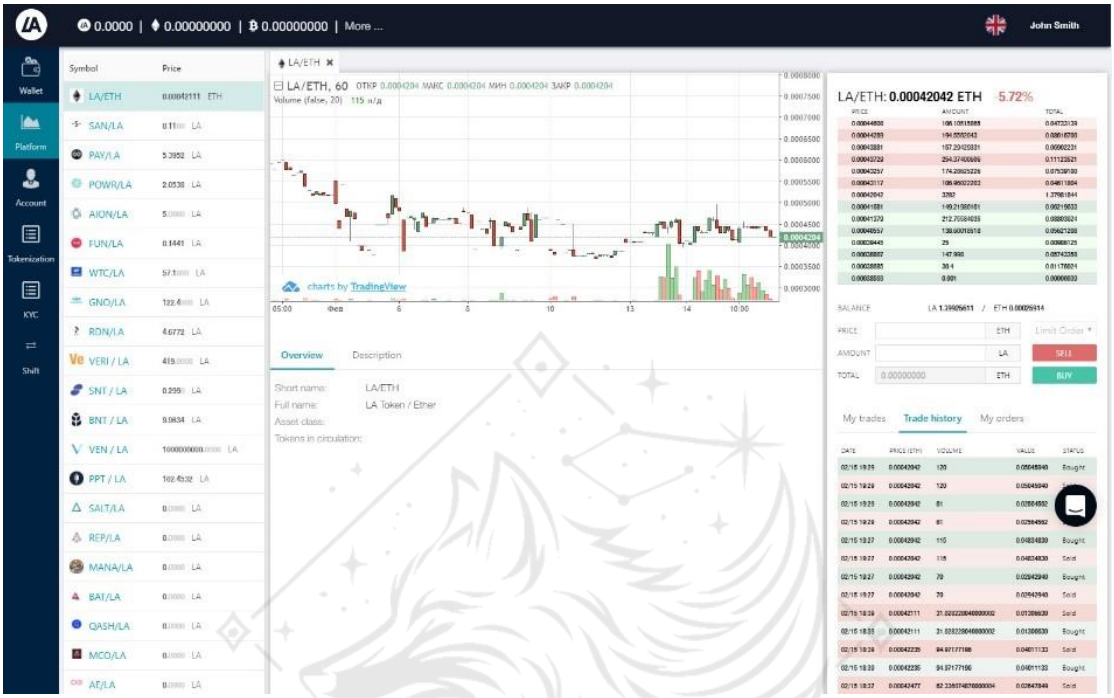
An asset owner can create and sell their asset tokens in the LATOKEN marketplace providing the necessary asset information, ask price and settlement date. As soon as all the necessary legal proceedings are complete, asset tokens become available for purchase by all registered cryptoholders.

Cryptoholders can easily search for traded asset tokens by setting their personal selection criteria, view detailed asset information and history as well as bid/ask prices. The marketplace interface also allows cryptoholders to easily view and manage their portfolios.

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5.4. Trading terminal

Trading terminal allows cryptoholders to make bid/ask offers, set trading criteria and processes trades based on them. A web-based and downloadable client is available.



6. KEY ASSET MARKETS

6.1. Equity market

World market cap of listed domestic companies as of 2016 is~$65 tn[8] with global annual stock turnover of ~$86 tn[7]. Although listed companies are among the most liquid asset classes, liquidity varies greatly across stock markets and individual stocks. Stock market turnover varies across countries from 0.2% in Luxemburg to 480% in China.

Listed stocks might be inaccessible for investors abroad due to the high cost of listing on international exchanges. With blockchain technology stocks can expand the investor base and significantly increase turnover.

Less than 0.1% of 5.7 million companies with employees in the USA are publicly traded companies. Even among firms with more than 500 employees, 86.4% are privately held[9]. Private companies generate 59% of revenue and make 53% of investments in USA. It

[8] *The World Bank*
[9] *Forbes*

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means that companies that make up major part of the economy are currently cut off from the wide equity investor base.

6.2. Debt market

Global debt market value grew by $7.6 trillion to more than $215 trillion in 2016[10] with a total trading value of $52 trillion annually[11]. Transaction costs of trading debt are currently estimated at $150 billion.

6.3. Real estate market

Until now, to get exposure to real estate one had to buy the whole property or buy shares of real estate funds (REFs). High transaction costs and a very limited choice of REF investment opportunities led to a reality where turnover is significantly lower, despite the fact that real estate has nearly the same total asset value as the stock market.

The size of the global real estate market has reached $217 trillion[12] and residential property makes up about 75% of the total value.

While annual real estate trading volume totals around $16 trillion with estimated trade transaction costs of ~$100 billion[13], we see a growing trend and a chance to seize the opportunity offered by tokenization to unlock the value of real estate assets.

6.4. Commodities market

Commodities are typically traded on futures and options markets, while spot market turnover is significantly lower. Four major segments of physical commodities account for 35% of total futures trading volume on exchanges: agriculture, energy, industrial metals and precious metals. Trading of futures has been growing very rapidly over the past 10 years. From 2007 to 2016, the number of contracts traded in the agricultural, energy and industrial metals categories rose from 1.16 billion to 5.77 billion[14], with a total nominal value of more than $100 trillion.

Liquidity and trading volumes vary greatly across traded commodities. The most traded include: crude oil, natural gas, heating oil, RBOB gasoline, gold, sugar, corn, wheat, soybeans, copper, soybean oil, silver, cotton, cocoa. Purely financial transactions in the most popular commodities are outnumbering physical trades by a factor of more than 200. For example, average daily traded volume in crude oil futures exceeded $100 billion with 2.2 billion barrels of oil traded daily in Q2 2017[15], while daily production volume was

[10] *Institute for International Finance report*
[11] *World Federation of Exchanges*
[12] *Savills Research*
[13] *Lazard US Real Estate Indicators Report; Colliers Capital flows report; EY 2016 REIT report*
[14] *Marketvoicemag.org*
[15] *EIA*

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8.9 million barrels. Transaction fees for liquid contracts vary from below 0.01% to about 0.1% of contract nominal value.

Less than 100 types of commodities contracts are traded on exchanges and may enjoy high liquidity. Many others are not, including high volume commodities, such as steel of different grades, titanium, rare earth, different alloys, some precious metals, gems, chemicals, several types of coal. Investors willing to be exposed to these commodities should either sign OTC contracts, buy commodities physically and store them or buy shares of publicly traded mining companies. Some of these commodities are particularly interesting for investors, e.g. electronics producers who want to hedge from rising rare earth prices or speculators who want to bet on gem appreciation. LATOKEN provides a much more convenient access to these markets via tokenization.

6.5. Artwork market

Global artwork holdings amount to around $3 trillion[16], while worldwide auction and private sales in 2016 raised more than $50 billion[17]. Given high auction house commissions – which average around 20-25% of the sale price – we see the potential to eliminate the middleman, thereby reducing commission costs.

The pledge services market of artwork is currently underdeveloped. Overall value of current loans secured by artwork amounted to more than $8 billion. About 8% of global collectors used the strategy of securitization of artwork, and only 22% of banks provide such services. Reportedly, more than 30% of banks have plans to get art work securitization under way[18]. Given the demon stable demand of global collectors and low penetration, we expect LATOKEN to be a driver of market growth and accelerated development of artwork tokenization services.

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[16] *Deloitte, Art as an asset class report*
[17] *European Fine Art Foundation in the Netherlands*
[18] *Deloitte Art Finance report 2016*

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7. CRYPTO MARKET OVERVIEW

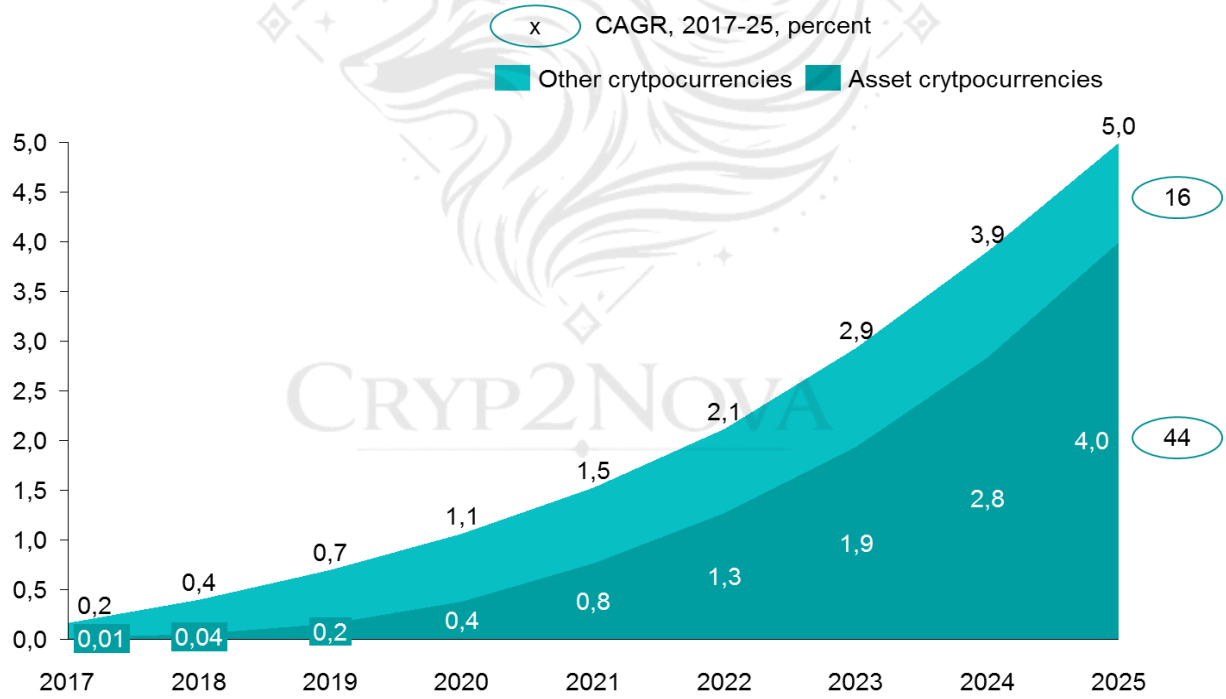
7.1. General overview

BY 2025, TOTAL CAPITALIZATION OF CRYPTO-CURRENCIES COULD EXCEED $5 TRILLION

Total market cap of cryptocurrencies reached $165 bn in August 2017. In 2018, 1% of Internet users will already own crypto wallets. The adoption rate of cryptocurrencies may be as high as that of cell phones and broadband Internet due to the advantages the blockchain provides, such as ease of cross-border transactions, low transaction costs and security. By 2025, the total capitalization of cryptocurrencies may exceed $5 trillion as crypto wallet penetration exceeds 5% of the world's population and asset cryptocurrencies pave the way for trading asset tokens.

Total capitalization of asset cryptocurrencies (the value of which is linked to specific asset prices) could account for at least 80% of the total market share by 2025, as they have the benefits of traditional cryptocurrencies, lower volatility and opportunities for portfolio optimization.

Figure 1. **Total market cap of cryptocurrencies, 2017-2025, $ trillion**



Source: LATOKEN Crypto Research estimates

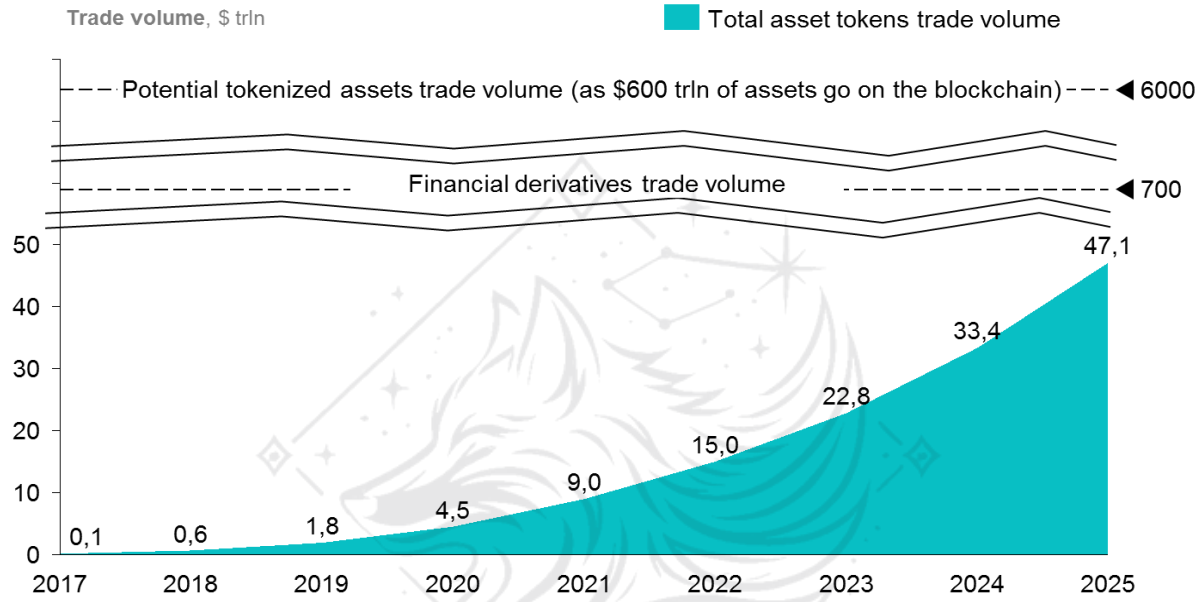
Transaction costs of trading on the blockchain could drop below 0.001% of the asset value in less than a decade due to technological advancements and increasing computational power. We expect that lower transaction costs could significantly drive up the trading volume of asset cryptocurrencies.

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TRADING VOLUME OF ASSET CRYPTO-CURRENCIES COULD EXCEED $40 TRILLION BY 2025

Tokenization of previously illiquid assets increases their market value by 10-40% as illiquidity costs vanish. Trading volume of asset cryptocurrencies linked to real world asset prices (e.g., equity, debt, commodities, real estate) can exceed the capitalization of these assets by more than 10 times. According to our estimates, trading volume of these asset cryptocurrencies could exceed $40 trillion by 2025.

Figure 2. **Total asset cryptocurrency trading volume**



Source: LATOKEN Crypto Research estimates

The current overall value of the major asset classes (e.g., equity, debt, commodities, real estate) is $600 tn, and thus the trading volume potential of asset cryptocurrencies could reach as much as $6 quadrillion.

ASSET CRYPTO CAN BE REGARDED AS COUNTER-CYCLICAL TO TRADITIONAL CRYPTO-CURRENCIES

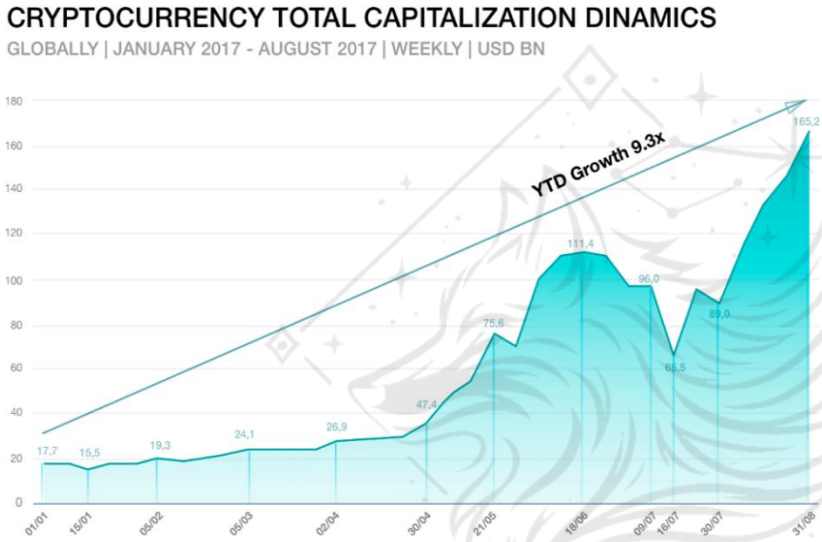
Currently, when the confidence of crypto owners in traditional cryptocurrencies drops, they reallocate funds from their portfolios into fiat and real assets. Asset crypto is an attractive alternative for crypto holders to real assets, as it provides the same exposure to real asset prices while saving costs of conversion from crypto to fiat. Asset crypto value is driven by the price of the underlying real asset and thus does not depend much on fluctuations of the cryptomarket. Therefore, asset crypto can be regarded as countercyclical to traditional cryptocurrencies, making it indispensable for cryptoportfolio diversification.

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Recent restrictions in regulations imposed by some governments on cryptocurrencies and tokens issued for pure fundraising purposes make them even less stable and less secure. In contrast, asset crypto is a safer alternative to traditional cryptocurrencies, since in this case it is easier to disprove allegations of illegal fundraising and Ponzi scheme creation.

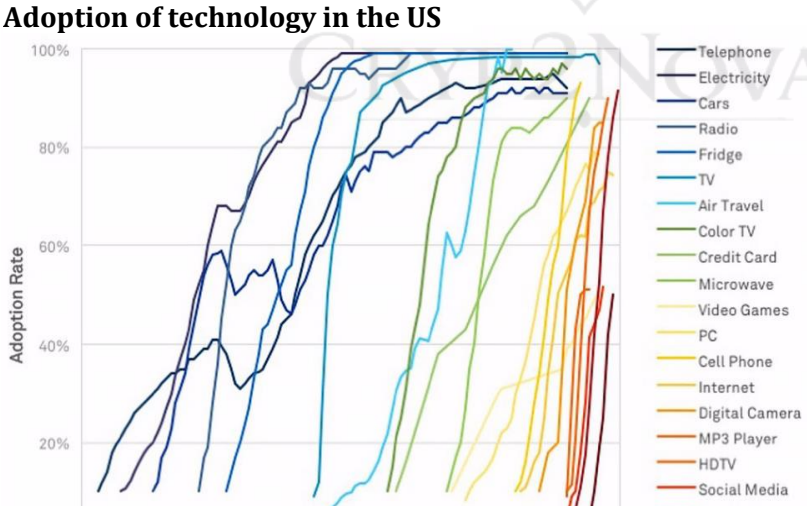
7.2. $5 trillion cryptocurrency capitalization by 2025

Overall crypto market dynamics



Source: Coinmarketcap.com

The total market cap of all cryptocurrencies surged by 830% in one year from August 2016 to August 2017, reaching $165 billion. The market cap plummeted by more than 40% in July 2017 due to concerns that the market is overinflated and uncertainty over the Bitcoin technology roadmap. The market quickly recovered and started to grow rapidly again after a successful Bitcoin split.



Source: Market Realist, BlackRock

Adoption rates of new technologies significantly accelerated in the beginning of the 21st century. Penetration of Smartphones and Social Media in the USA increased from 5% to 90% in less than 5 years.

The adoption rate of cryptocurrencies depends solely on their value and ease of use.

Blockchain provides multiple benefits to cryptocurrency users, including disintermediation and trustless exchange, process integrity, reliability and longevity of the network, faster transactions and lower transaction costs. Cryptocurrencies are protected

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against opportunistic actions of central banks, since emission follows strict rules ensured by smart contracts, such as proof of work protocol and proof of stake protocol. A Distributed ledger stores information on thousands of computers, cannot be fabricated or interfered with by a third party, and is protected against unwarranted interference.

Benefits of blockchain technology

Disintermediation & trustless exchange	Two parties are able to make an exchange without the oversight or intermediation of a third party, significantly reducing or even eliminating counterparty risk
Empowered users	Users are in control of all their information and transactions
High quality data	Blockchain data is complete, consistent, timely, accurate, and widely available
Durability, reliability and longevity	Due to the decentralized networks, blockchain does not have a central point of failure and is better able to withstand malicious attacks
Process integrity	Users can trust that transactions will be executed exactly as the protocol commands, removing the need for a trusted third party
Transparency and immutability	Changes in public blockchains are publicly viewable by all parties, thus creating transparency, and all transactions are immutable, meaning they cannot be altered or deleted
Ecosystem simplification	Adding all transactions to a single public ledger reduces the clutter and complications of multiple ledgers
Faster transactions	Interbank transactions can potentially take days for clearing and final settlement, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes and are processed 24/7
Lower transaction costs	By eliminating third party intermediaries and overhead costs for exchanging assets, blockchains have the potential to greatly reduce transaction fees

Source: Deloitte[19]

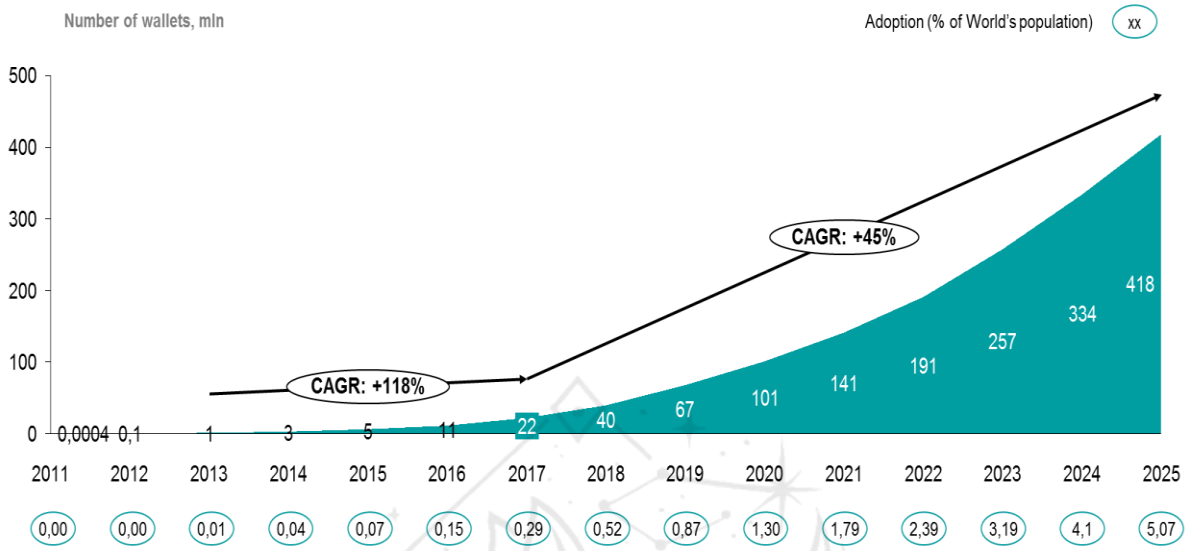
An increase in the number of crypto holders depends on the number of vendors and merchants that accept cryptocurrencies as a means of payment. Whereas at the beginning of 2015 about 100,000 merchants accepted crypto as payment[20], in the summer of 2017 more than 260,000 stores in Japan started accepting crypto[21].

[19] *https://www2.deloitte.com/nl/nl/pages/innovatie/artikelen/blockchain-technology-9-benefits-and-7-challenges.html*
[20] *http://www.ibtimes.co.uk/bitcoin-now-accepted-by-100000-merchants-worldwide-1486613*
[21] *https://news.bitcoin.com/bitcoin-accepted-260000-stores-summer/*

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As cryptocurrency acceptance increases, it becomes even more attractive to users due to the network effect.

Figure 3. **Total number of cryptocurrency wallets in 2011-25**



Source: LATOKEN Crypto Research estimates

The number of cryptocurrency wallets has doubled every year since 2013. Demand for crypto will be driven by the emergence of less volatile asset cryptocurrencies. If it continues to double, the adoption rate could reach 75% by 2025. However, considering the obstacles imposed by some governments, we should expect a slowdown with an average annual growth rate of 45%. In that case, the adoption rate will be above 5% by 2025[22].

WE EXPECT TOTAL CRYPTO-CURRENCY CAPITALIZATION TO EXCEED $5 TRILLION BY 2025

At present, 19% of 16.5 million blockchain wallets have more than $100 in the wallet, while 7% have more than $1,000. The average wallet size is $9,835[23]. We expect that by 2025 the average wallet size will exceed $12,000. Thus, we expect **that total cryptocurrency capitalization will exceed $5 trillion by 2025.**

This is still a conservative estimate compared to some market forecasts. For example, Peter Smith, the CEO and cofounder of Blockchain, and Jeremy Liew, the first investor in Snapchat, expect that Bitcoin price may explode to $500,000 by 2030. They assume that Bitcoin penetration could reach 5% of the global population by 2025, the average value of Bitcoin held per user will hit $25,000, and the supply of Bitcoins will be about 20 million, bringing the market capitalization of Bitcoin to $10 trillion.

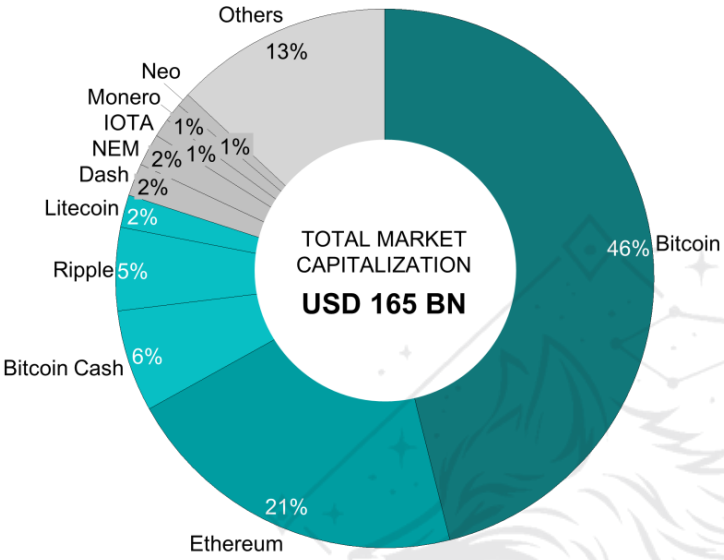
[22] *Blockchain.info*
[23] *Blockchain.info*

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Evolution of cryptocurrencies

Bitcoin is the first and still the most popular cryptocurrency. Meanwhile, market capitalization of alternative cryptocoins exceeded that of Bitcoin for the first time in May 2017, as innovations increase their utility and make them more attractive for crypto users and investors.

Figure 4. *Cryptocurrency market structure as of 31.08.2017*



Source: Coinmarketcap.com

Limitations of the initial design of Bitcoin have been consecutively overcome by followers. Litecoin was the first alternative to Bitcoin with an improved technical functionality.

Ethereum was initially released in 2014 and gained a significant market share due to its smart contract functionality, which powered most ICOs of 2017.

As ICOs become more and more popular, new currencies will continue to emerge, with some of them challenging the dominance of the leaders and gaining significant market shares.

At the same time, incumbent cryptocurrencies will attract users with their well-developed infrastructure, higher liquidity and lower volatility. At the end of the day, we should expect that cryptocurrencies offering the highest utility to their users will hold the dominant market positions.

Capitalization of asset cryptocurrencies could surpass $4 trillion

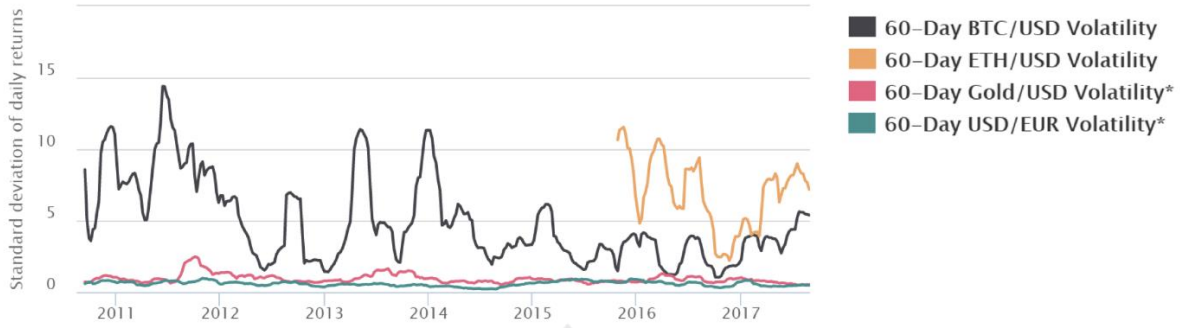
According to the theory of money, the main functions of money include **medium of exchange, store of value** and a **unit of account**.

Most of the cryptocurrencies can be used as a **medium of exchange** that is superior to fiat due to disintermediation and trustless exchange, better security and lower transaction costs. Traditional cryptocurrencies, such as Bitcoin, Ethereum and Litecoin, may become a **store of value** only in case of strict commitment to low supply growth credibly backed by the network's distributed protocol and wide adoption, ensuring high liquidity. At the same time, these traditional cryptocurrencies are inherently too volatile to be used as a **unit of account** outside of the ecosystem where cryptocurrencies dominate, such as ICO services.

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The volatility index for traditional cryptocurrencies exceeds that for real assets, such as gold and fiat currencies, by a factor of 5 to 10. For example, current 60-day BTC volatility is 5.38%, while 60-day gold volatility is just 0.53%.

Figure 5 **60-day volatility of BTC/USD, ETH/USD, Gold/USD and USD/EUR**



Source: buybitcoinworldwide.com

Asset cryptocurrencies, which have a value linked to real-world assets, such as equities, commodities or fiat money, have an advantage over traditional cryptocurrencies. They have the benefits of traditional crypto, such as low transaction costs, security, trustless exchange and smart contracts functionality. At the same time, they are a good store of value by design, since their volatility is lower. A diversified portfolio of asset cryptocurrencies is a better option from the risk management point of view than investing in one or several traditional cryptocurrencies. Asset crypto also has an advantage over real world assets, since there are no costs associated with conversion from crypto to fiat.

Market capitalization of asset cryptocurrencies is around $10 bn, as opposed to $160 bn market capitalization of all cryptocurrencies[24]. These are numbers that institutional investors can obviously no longer ignore. A few highlights in the media, such as Business Insider, Bloomberg and Fortune, confirm that the interest in asset cryptocurrencies is clearly rising.

ASSET CRYPTO-CURRENCIES MAY ACCOUNT FOR ~80% OF TOTAL CRYPTOCURRENCY CAPITALIZATION

Notable examples of asset crypto are cryptocoins linked to fiat currencies, such as Tether (linked to USD), cryptocoins linked to precious metals, such as Digix, and many others (linked to gold). There are crypto assets linked to shares of blue chips. Tokens of Apple and other popular equities, as well as popular commodities and real estate ETFs, are currently traded on the LATOKEN platform. Several companies are planning to create tokens of real estate assets tradable on the blockchain (Atlant, REX, Proof and some others).

Due to the advantages of asset cryptocurrencies, such as lower volatility and transaction costs, we expect that they could account for at least 80% of total cryptocurrency capitalization with a value exceeding $4 tn by 2025.

[24] *Coinmarketcap.com*

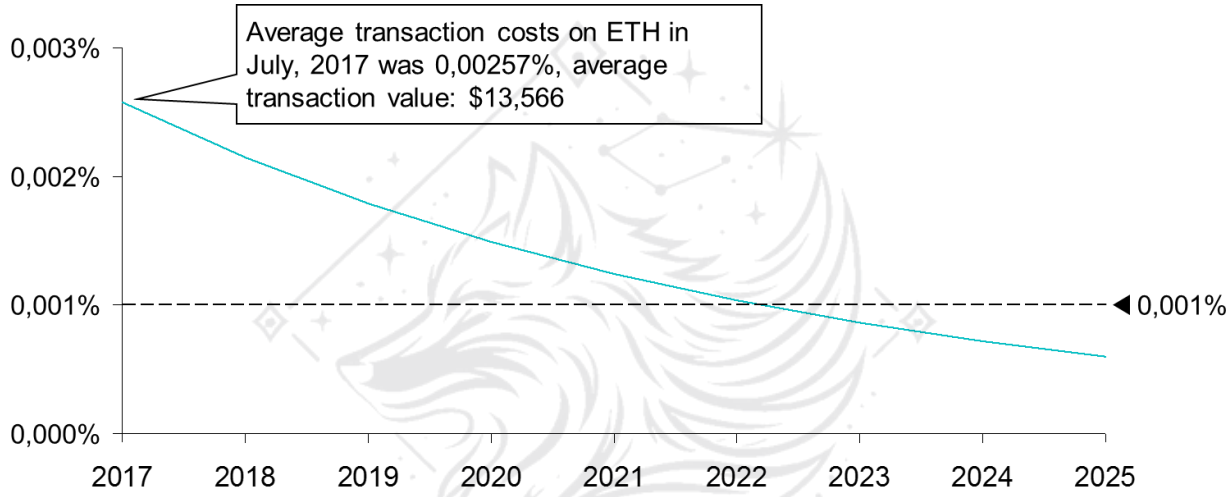
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7.3. $6 quadrillion trading volume potential on the blockchain

Disruption of trading transaction costs on the blockchain

Transaction costs on the blockchain are significantly lower than those imposed by centralized institutions in the traditional economy. For example, in the United States, the acquiring fee averages approximately 2% of transaction value. Average transaction costs of Ethereum were 0.00257% for a typical transaction value of $13,566 in July 2017[25].

Figure 6. **Typical transaction costs on the blockchain in 2017-25**



Source: LATOKEN Crypto Research

Meanwhile, we should keep in mind that transaction volume grows fast, and transaction costs inflate as they compete for limited computational power. Since cryptocurrency transaction costs are fundamentally driven by blockchain technology design and computational power, we believe that they will eventually go down as technology improves and computational power increases. According to Moore's law, the number of transistors per square inch on integrated circuits doubles every 2 years. Although it has slowed in recent years, computational power is still increasing quickly.

According to FT, Brian Krzanich, CEO of Intel, estimated that over the last two technology transitions, cadence was closer to two and a half years than two[26]. This implies at least a 20% cost decline per year. Hashing algorithm improvements should also reduce computational complexity.

[25] *https://bitinfocharts.com/comparison/ethereum-transactionfees.html#3m*
[26] *E.g. https://www.ft.com/content/36b722bc-2b49-11e5-8613-e7aedbb7bdb7*

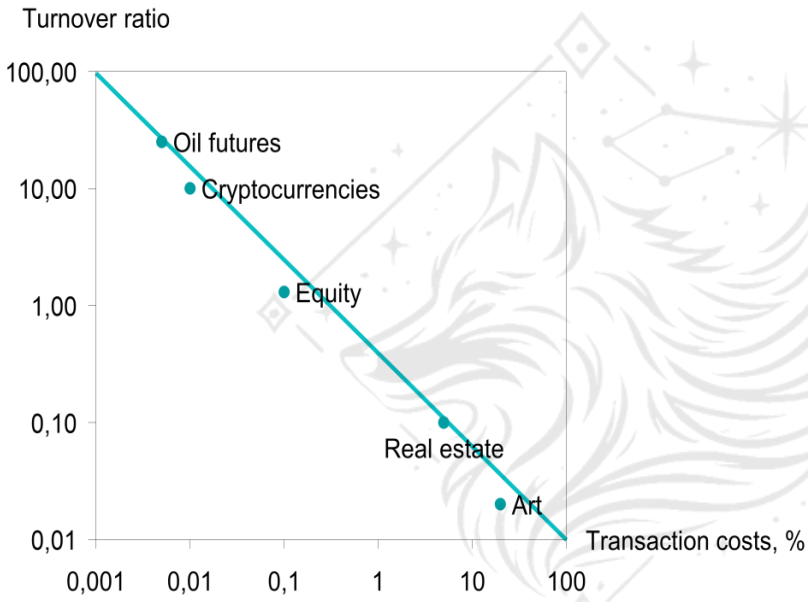
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BY 2025, TRANSACTION COSTS ON THE BLOCKCHAIN COULD FALL BELOW 0.001% FOR TRANSACTIONS ABOVE $5,000

We expect that transaction costs on the blockchain will fall below 0.001% for transactions above $5,000 by 2025. This is nearly 10 times lower than the best transaction fees of stock brokers for the most liquid equities in the US (such as Apple, Google, etc.). Furthermore, the minimum transaction volume on the stock market is usually high for small retail investors, as stocks trade in blocks of 100 shares (about $16,000 for Apple).

Trading volume will explode as transaction costs drop

Figure 7. **Typical trading transaction costs and turnover ratio for different types of assets**



Source: LATOKEN Crypto Research

The higher the trading transaction costs for the asset class, the lower its trading volume. Typical transaction costs of an art trade are 20%, and the annual turnover does not exceed 2% of the total value ($64 bn vs $3 tn of total holdings). Typical transaction costs of trading public equity are about 0.1% with trading volume of around 1.3 times market capitalization (total market cap of traded equities was $64.82 tn[27] in 2016, while trading volume in 2016 was $85.71 tn).

Transaction fees of leading futures brokers for oil futures are in the range of $0.85 to $3.50 per contract[28] or 0.002%-0.007% at current prices. Total trading volume in 2016 was about 2 m contracts per day[29] (2 bn barrels per day) for 2 main oil futures contracts: NYMEX WTI and ICE Brent. Total production averaged 80.5 m barrels per day[30], which is 25 times lower than the average transaction volume.

As shown in Figure 7, as transaction costs decrease by 10 times, trading volume typically increases by nearly 10 times. Therefore, we should expect higher turnover and liquidity on crypto exchanges than on traditional exchanges.

[27] *The World Bank*
[28] *http://www.advisoryhq.com/articles/best-futures-brokers-for-futures-trading-ranking-reviews-and-ratings/*
[29] *http://www.cmegroup.com/education/wti-and-the-changing-dynamics-of-global-crude-oil.html*
[30] *https://ycharts.com/indicators/world_crude_oil_production*

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Cryptocurrency trading transaction costs are currently below 0.01%, which is why their transaction volume significantly exceeds their capitalization. Turnover is 9.3 for Bitcoin and 11.5 for Ethereum (see Figure 8). Some of the other cryptocurrencies have lower transaction costs; therefore, their turnover is higher. Tether looks like an outlier here. Its daily turnover is more than 30% of the market cap due to high market making activity.

Figure 8. **Typical trading transaction costs and turnover ratio for different types of assets**

Cryptocoin	Capitalization, bln $	Volume (30d), bln $	Annualized volume, bln $	Turnover ratio, times
Bitcoin	72,3	56,1	673,0	9,3
Ethereum	31,7	30,3	363,8	11,5
Bitcoin Cash	10,2	16,1	193,3	18,9
Ripple	7,8	8,1	96,9	12,5
Litecoin	3,3	5,6	67,1	20,6
Tether	0,3	4,1	48,9	152,7
NEO	1,9	3,9	47,2	25,1
Ethereum Classic	1,5	2,2	26,7	17,8
OmiseGo	0,8	1,9	23,3	29,2
Dash	2,7	1,7	20,9	7,6
Qtum	0,9	1,5	18,0	20,0
Monero	1,9	1,3	15,6	8,1
Total	***135,3***	***132,9***	***1594,7***	***11,8***

Source: https://coinmarketcap.com/currencies/volume/monthly/

TRADING VOLUME POTENTIAL FOR THE MAJOR ASSET CLASSES COULD EXCEED $6 QUADRILLION

Trading volume of tokens of $4 tn for asset crypto could reach $40 tn by 2025. Total capitalization of 4 major asset classes (real estate, equity, debt and commodities) could exceed $600 tn. Tokenization allows trading with transaction costs of 0.01% or less. This should increase transaction volume to more than 10 times their asset value. Thus, total transaction volume potential is at least $6 quadrillion.

Asset owners will strive for tokenization to get a 10-40% liquidity premium

Owners of illiquid assets cannot withhold significant amounts of assets in a short period of time when they need to raise capital. According to many studies[31], typical illiquidity costs are in the range of 10-40% of the asset value. That is, *restricted securities*, securities issued by a company that can be sold through private placements to investors, but cannot be resold in the open market for a certain period, trade at significant discounts

[31] *See Aswat Damodoran (http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf)*

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of 7-35% according to research. Thus, we should expect that tokenization of illiquid assets will increase their valuation by at least 10%.

High illiquidity costs make asset tokenization a very attractive opportunity for asset owners as long as the asset owner's total tokenization costs are significantly lower than 10%. As soon as tokenization technology goes online, and demand reaches scale, tokenization becomes too attractive for asset owners to ignore.

Asset cryptocurrencies are a safe haven for crypto investors

ASSET CRYPTO-CURRENCIES ARE COUNTER-CYCLICAL TO TRADITIONAL CRYPTOCURRENCIES

As a large number of asset cryptocurrencies go online and transaction costs of trading across different classes of asset cryptocurrencies drop, they will be used in crypto portfolios to minimize risks. Currently, when the confidence of crypto owners in traditional cryptocurrencies drops, they reallocate funds from their portfolios into fiat, traditional financial and real assets. In contrast to traditional assets, frictions of buying asset cryptocurrencies are significantly lower for crypto owners. At the same time, their value is linked to that of real assets. This makes asset cryptocurrencies a much more convenient alternative to traditional assets for crypto holders, especially if they don't want to escape the blockchain ecosystem. Thus, asset cryptocurrencies are countercyclical to traditional cryptocurrencies. This makes them an indispensable part of a good crypto portfolio.

Furthermore, recent moves in regulations imposed by some governments against traditional cryptocurrencies and coins issued for fundraising purposes[32] do not make them more stable and secure. This makes asset cryptocurrencies a safe alternative to traditional cryptocurrencies, since it is easier to disprove illegal fundraising and allegations of using Ponzi schemes for asset cryptocurrencies.

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Platform tokens

A token that will be used as a means of exchange on crypto platforms should have the lowest transaction costs and highest liquidity. Since it will power trades, we expect it to play the role of cash in crypto holders' portfolios and account for a significant share of these portfolios. In 2016, cash accounted for 4.5%-5.5% of assets managed by a group of the largest primarily long-only investors according to the Global FMS Cash Indicator calculated by Bank of America Merrill Lynch[33]. Since a platform token grows as trading volume grows, some token holders may be passively holding it. Thus, we can expect that at least 10% of traded asset value will be stored in platform tokens.

A token used in platform transactions is more stable and less susceptible to bubbles and speculators' attacks compared to other traditional cryptocurrencies, due to a high

[32] *http://www.businessinsider.com/r-china-bans-initial-coin-offerings-as-illegal-fundraising-2017-9*
[33] *BofAML Global FMS Cash Indicator*

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transaction volume running in the opposite direction to different asset tokens. Also, like asset tokens, this token is countercyclical to other cryptocurrencies. When investors want to get away from traditional cryptocurrencies, its price increases, as it is required for transactions with asset tokens. Its value is driven by platform transaction volume. As long as transaction volume on the crypto platform increases, demand for this token increases.

8. TECHNOLOGY

8.1. Overview

Most popular cryptocurrencies, including Bitcoin and Litecoin, were pioneers of the blockchain technology.

They were robust and innovative, but had very limited functionality as they were not scaled to handle thousands of transactions per second and transaction fees were high on public networks. Then, the new word in the blockchain industry was Ethereum, which introduced the power of smart contracts to the world. This technology created new demand on the market for “intelligent blockchains” with the ability to run decentralized applications. However, major problems with these protocols, including slow transaction speed (e.g.: 1 hour for Bitcoin) and impossibility of reacting (by smart contracts) to external (non-blockchain) events, makes them almost unusable for real-world challenges.

The next-gen Graphene-based blockchains based on DPOS mechanism solved the problems with transaction speed and added a lot of fresh, new ideas to the blockchain world. But they were still not powerful enough to fit our needs: to process millions of transactions extremely fast, to store terabytes of asset-related files, to run many high-performance operations such as OCR of documents, patterns recognition, and AI neural networks.

8.2. Core functionalities

The LATOKEN Transactions Blockchain is based on the EOS vision of DPOS technology with 10-second blocks, TaPoS-technology that exposes the status of every user through their transactions and offers direct internal references with asset Blockchain objects.

The LATOKEN Assets Blockchain is based on the Steemit (Graphene) blockchain to store a large number of objects, including assets, holders and file references. It uses the Aeternity idea of Decentralized Oracles to provide trustworthy connections with real-world existing systems containing information about certain types of assets.

LATOKEN will store encrypted data via systems based on BitTorrent technology with highly advanced improvements: sharing (node holder is not required to store the whole file, they can only store parts of it) and encryption (user cannot decrypt a certain file until permitted by other participants).

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LATOKEN will use distributed computing systems based on technologies similar to Apache Hadoop, adopted in the blockchain world, with a highly decentralized structure that allows the system to process complex high-performance operations, such as text recognition, decentralized neural networks training and execution, as well as fog computing, on shared hardware.

LATOKEN technology is developed based on proven concepts and best practices with the goal of providing the best-quality financial services to billions of users all over the world. The main advantages of LATOKEN are its low costs and very fast transaction speed.

8.3. Testing stage

Existing limitations, such as speed and transaction costs, are not important until we reach turnover exceeding one hundred trades per hour or a combined turnover of 10 million blocks. We tolerate Ethereum's high commissions as the average value of transactions exceeds $30,000 (average for a home equity loan).

When we reach limits such as speed and cost of transaction, LATOKEN will deploy our two-part proof of stake distributed ledger:

1. First part – only transactions
2. Second part – all asset records, encrypted, shared and replicated for security reasons and to save disc space

Blocks will be formed on a Proof-of-Stake basis:

1. Transaction records are sent to all nodes
2. Each node forms a block
3. The node with the etalon block is selected with a probability based on log of amount of LA stored
4. The selected node broadcasts the etalon block to other nodes to compare with their blocks
5. The block is validated and stored at every node if it is validated by 50% majority (based on log of amount of LA stored) If a majority is not reached, the process starts again.

If a majority is not reached, the process starts again.

8.4. Security

To ensure 100% security, we have implemented DDoS attack security and secure smart-contracts:

- Security audit from third-party

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- Escrow
- Multi-factor authentication

9. TOKEN

LA is a utility token designed to support transactions on the LATOKEN platform. It will be purchased by cryptoholders and asset owners to do the following:

- Buy asset and other tokens on the LATOKEN platform (e.g., if you want to buy a fraction of an asset for $100k, you need to purchase LAs equivalent to $100k)
- Pay transaction fees. A large part of these payments will be received by node holders

Cryptoholders buy LA to purchase asset tokens traded on the LATOKEN platform and pay for transactions. Thus, the demand for LA correlates with the trading volume on the LATOKEN platform.

Turnover of asset-linked tokens traded on the LATOKEN platform can exceed $14 trillion in 2025.



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10. LEGAL CONSIDERATIONS

10.1. Legal implications with LA tokens

LA tokens are blockchain tokens, which are digital tokens created on a blockchain as part of a decentralized software protocol. LA tokens are crypto-tokens issued on the Ethereum platform on the basis of an ERC20 standard contract. LA are utility tokens designed to support transactions on the LATOKEN platform. The utility nature of LA token is proved by White Summers Caffee & James, a law firm that prepared a legal memo concluding that LA is not a security.

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LA do not grant their holder ownership or equity in the Company or the right to participate in the control, direction, or decision making of the Company. Individuals, businesses, and other organizations should carefully weigh the risks, costs, and benefits of acquiring LA.

We make no promises with respect to the future performance or value of LA tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that LA will not decrease in value or hold any particular value. LA tokens are non-refundable. LA tokens purchasers shall accept sole and exclusive risk for the purchase of the LA and shall recognize that the LATOKEN platform is currently in development and may undergo significant changes. Please refer to the risks associated with LA tokens acquisition in the relevant section of our Terms and Conditions.

This concept is fundamental to the objective of the LATOKEN platform - to spread cryptocurrency to the global economy.

10.2. Limitations for purchasing and using LA

USA

In July 2017, the Securities and Exchange Commission ruled that some tokens can be considered as securities and are thereby subject to the agency's regulation. The ruling followed an SEC investigation into the German corporation behind a group called "The DAO" (Decentralized Autonomous Organization) that raised $150 million in ICO last year. The DAO issued coins that were used to pursue an automated investment strategy, which entitled token owners to receive "rewards" similar to dividends. See https://www.sec.gov/litigation/investreport/34-81207.pdf

SEC also pushed Protostarr, a decentralized application allowing content creators to receive funding from fans and investors in return for channel earnings, to shut down midway through its token sale.

By offering dividends and profit-sharing those companies were clearly offering a security and failed the Howey Test, created by the US Supreme Court. Under the Howey Test, a transaction is an investment contract if:

- It is an investment of money
- There is an expectation of profits from the investment
- The investment of money is in a common enterprise
- Any profit comes from the efforts of a promoter or third party to determine whether certain transactions are qualified as "investment contracts."

LA is a utility token used to pay for LATOKEN platform services, such as assets tokenization. LA is not linked to real assets (unlike asset tokens issued on the platform, which are not yet available to US residents) and does not grant their holders ownership

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in the company or any dividends. Therefore, LA cannot be seen as a security, and can pass the hurdles of the Howey test as:

- LA are not to be purchased with a view to profit on potential appreciation of LA themselves
- LA do not represent a common enterprise as the LATOKEN platform is already operational prior to the contribution
- LA shall be purchased by asset owners, or their service providers, or asset buyers to pre-purchase services on the LATOKEN platform.
- LA do not represent an investment contract with an expectation of profits from the entrepreneurial or managerial efforts of others. LA are not intended for investment or currency speculation and LATOKEN reserves the right to refuse to sell to any purchaser that cannot demonstrate a bona fide intent of purchasing the tokens for their intended purpose. All investments decisions are made directly by the holder of LA, independent of other holders of LA or the Management of the LATOKEN platform

Canada, Singapore and Hong Kong

Recent developments have been witnessed in the regulation of tokens in Singapore, Canada and Hong Kong. In July 2017, Monetary Authority of Singapore (MAS) stated that tokens would fall under its jurisdiction if they "constitute products regulated under the Securities and Futures Act." "Some offers may be subject to the SFA, while others may not be. All issuers of digital tokens, intermediaries facilitating or advising on an offer of digital tokens and platforms facilitating trading in digital tokens should, therefore, seek independent legal advice to ensure they comply with all applicable laws and consult MAS where appropriate," stated MAS officials. The Canadian Securities Administrators (CSA) released in August 2017 notice 46-307 to initial coin offerings (ICOs) referring to the same Howey Test for determining if a token falls under a definition of a security.

Early in September 2017, the Hong Kong financial regulator, the Securities and Futures Commission (SFS), announced that tokens issued via ICOs may be classified as securities.

Similar to the US, citizens and residents of Canada, Singapore and Hong Kong can use LA to pay for asset tokenization services or to exchange for other cryptotokens not linked to assets (e.g. Bitcoin, Ethereum, etc).

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10.3. Asset tokens and the LATOKEN platform

Asset tokens are tokens created on the LATOKEN platform and linked to prices of associated assets. Asset tokens can be issued both on our own blockchain platform or on the Ethereum platform by a third-party Trustee who will hold the actual asset and retain the asset owner's option to buy back asset tokens from asset token holders at the market price on the settlement date. If the asset refuses to exercise the option, the asset will be sold at fiat auction by the Trustee and asset-linked token holders are entitled to receive their corresponding share of the proceeds.

The Company hereby expressly disclaims its liability, and shall in no case be liable to any person, for: LA being classified or treated by any government, quasi-government, authority or public body as a kind of currency, securities, commercial paper, negotiable instrument, investment or otherwise that may be banned, regulated or subject to certain legal restrictions

10.4. Legal implications of smart contracts execution

As discussed above, LA are issued on the basis of a smart contract via a blockchain platform. A smart contract is a way to discharge obligations by means of the algorithm input into the respective program code. As such, smart contracts shall fully comply with the laws applicable to them, in particular, they shall ensure compliance with confidential information legal requirements.

10.5. Data protection

Sales and purchase of LA and asset-linked tokens on the LATOKEN platform may require personal data. Personal data is information that identifies an individual. Examples of personal data collected may include names, addresses, email addresses, phone numbers, and fax numbers. Personal data may be obtained in a number of ways, including application via our website, correspondence, telephone and fax and email. We ensure personal data protection by accepting an internal Privacy Policy and complying with Terms of Use.

Generally, an individual is entitled to require a bank where he/she made any transaction to remove any data regarding such transaction from the banking system. Blockchain does not allow deleting data about any transactions concluded. As such, any user conducting transactions via blockchain connected with purchase and/or disposal of LA and asset tokens shall represent and warrant that they realize the above and shall provide a waiver renouncing their right to require removal of any such data from blockchain.

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We put a significant emphasis on managing possible legal and regulatory risks and works in close partnership with a very reputable international law firm to protect its users.

10.6. KYC and anti-fraud

Due to our role as a major international business, we pay serious attention to know-your client and anti-fraud issues in order to provide our customers and cryptoholders with a transparent business model that is safe with minimal risk.

In order to ensure that our services are not utilized by unwanted and illegal elements to further their illegal motives, we intend to facilitate our operations by means of (i) obtaining sufficient information about our clients and verifying customer identity; (ii) conducting ongoing due diligence of assets tradable on the LATOKEN platform; (iii) highlighting suspicious customers and operations.

10.7. Tax

Each customer shall declare, bear and pay all such taxes, duties, imposts, levies, tariffs and surcharges that might be imposed by the laws and regulations of any jurisdiction as a result of or in connection with the receipt, holding, use, purchase, appreciation, trading or divestment of LA and each customer shall be solely liable for all such penalties, claims, fines, punishments, liabilities or otherwise arising from his/her non-payment, underpayment, undue payment or belated payment of any applicable tax. The Company gives no advice and makes no representation as to the tax implication of any customer's decision to purchase LA.

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11. TEAM

Management team

LATOKEN team has a strong track record in hedge fund management, development of marketplaces, trading terminals and have worked at such companies as Avega Capital, McKinsey, BCG, KPMG and Ernst&Young.

LATOKEN Founder and CEO Valentin Preobrazhenskiy previously founded a profitable home equity lending marketplace that facilitated 12,000 home equity offers from seven banks and 25 investors in 1H 2017, created a back office for two hedge funds and managed equity portfolios for seven years.



Valentin Preobrazhensky
CEO

Founded Home Equity Marketplace Zalogo and a back-office for hedge funds
Managed equities portfolio at hedge funds Avega Capital and Marcuard Spectrum
Worked in IHS CERA, VTB and Sberbank



Danila Simonov
CTO

CTO of MLaaS Zalogo Home Equity Marketplace
Implemented React.js for Zalogo



Roman Zhdanov
Managing Director

Former Engagement Manager at McKinsey&Company (5 year tenure), Risk management and compliance functions in leading commercial banks and asset management companies MBA from INSEAD



Denis Simagin
Managing Director

Former Engagement Manager at McKinsey&Company (5 year tenure)
Co-founder of Compensair Ltd.
Held various investment roles in leading Russian private equity funds managing portfolio investments of $400 m

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12. ROADMAP

By 2025, LATOKEN aims to become the leading platform for trading asset tokens with the capitalization of issued tokens exceeding $1.2 trillion.

2013 December
The first Business plan for a Home Equity Lender
Valentin Preobrazhenskiy worked at hedge funds when he discovered that emerging markets have a very low home loans penetration due to low transparency for investors and prohibitively high deal costs. He drafted a business plan of a home equity lender solving this problem.

2014 May
The first sale of a home equity loan
We launched a home equity loans broker to develop it into P2P online marketplace. The first deal was closed in May with a $1200 commission.

2015 - 2016
Launch of the Home Equity Marketplace
After the launch of the marketplace 25 investors and 7 banks made more than 15 000 calls with clients via the platform and arranged over 1200 meetings resulting in over 1000+ deals closed in 2016. In December 2016 the first bank made an automated sale of a home equity loan via the platform.

2017 April
We held a Digital Mortgage conference for 200+ banks, investors and real estate developers Banks and real estate owners need the blockchain to sell assets on the secondary market.
Banks can automate selling loans off balance sheet if loans are transparent on blockchain for secondary buyers. This enables banks to provide the best rate available on the marketplace to any borrower.

2017 May - June
AIBanks - LATOKEN Development
We developed AIBanks as a blockchain platform for selling loans and assets off the balance sheet. Because the platform allows trading of non banking assets and eventually removes the middleman we rebranded it to the Liquid Asset Token (LATOKEN)

2017 July
LATOKEN wallet developed
LATOKEN wallet allows users to control account balances of tokens, make transactions, create new tokens and link them to assets.

2017 August 19
First tokenized Apple shares are sold at the LATOKEN platform
Trading of tokens linked to prices of shares (e.g. Apple, Amazon, Tesla) and commodities (oil, gold, silver) started at the LATOKEN platform

2017 August - October
Token sale
The Token sale is completed in several rounds with ~$20m raised from 11,000 contributors.

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2018
Scaling of asset tokens trading
Start of the full-scale trading of asset tokens linked to real estate and artwork prices. Listing of major third party's asset tokens at the LATOKEN platform.

2019
Apps for new specific assets are added to the LATOKEN platform

2020
LATOKEN platform could become the leading global asset token platform with a $400 billion trading volume

2025
Capitalization of tokens issued at LATOKEN platform may reach $1.2 trillion

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