

BRINGING THE ENTIRE BANK ON CHAIN FOR BETTER, FAIRER BANKING

White Paper

version 2.2

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1 Introduction

1.1 The Founder's Foreword

"Have you ever thought about what the bank of the future should look like?

My team and I have been thinking about this question for many years now. The way the market and society as a whole have evolved this past decade has given us a very clear answer, which led us to start the *Mt Pelerin* project.

The fast-paced digitalization happening in virtually all the aspects of our society has transformed behaviors and expectations radically. Speed, efficiency, ergonomics, freedom, openness, fairness, trust and mobility are all societal standards that have driven a trend of decentralization across the map. Think about how Wikipedia changed the approach to knowledge, Linux to computer systems, and cryptocurrencies to the exchange and storage of value. All have proven in their respective industry that decentralization is incredibly powerful.

However, this evolution has yet to translate into a new paradigm in the world of banking. Protected by heavy regulations, this world has remained until now a walled garden hermetic to disruption. My ambition is therefore simple: I want to build the bridge between our new digital society and the ageing banking industry, through a strong vision of transparence, performance and freedom.

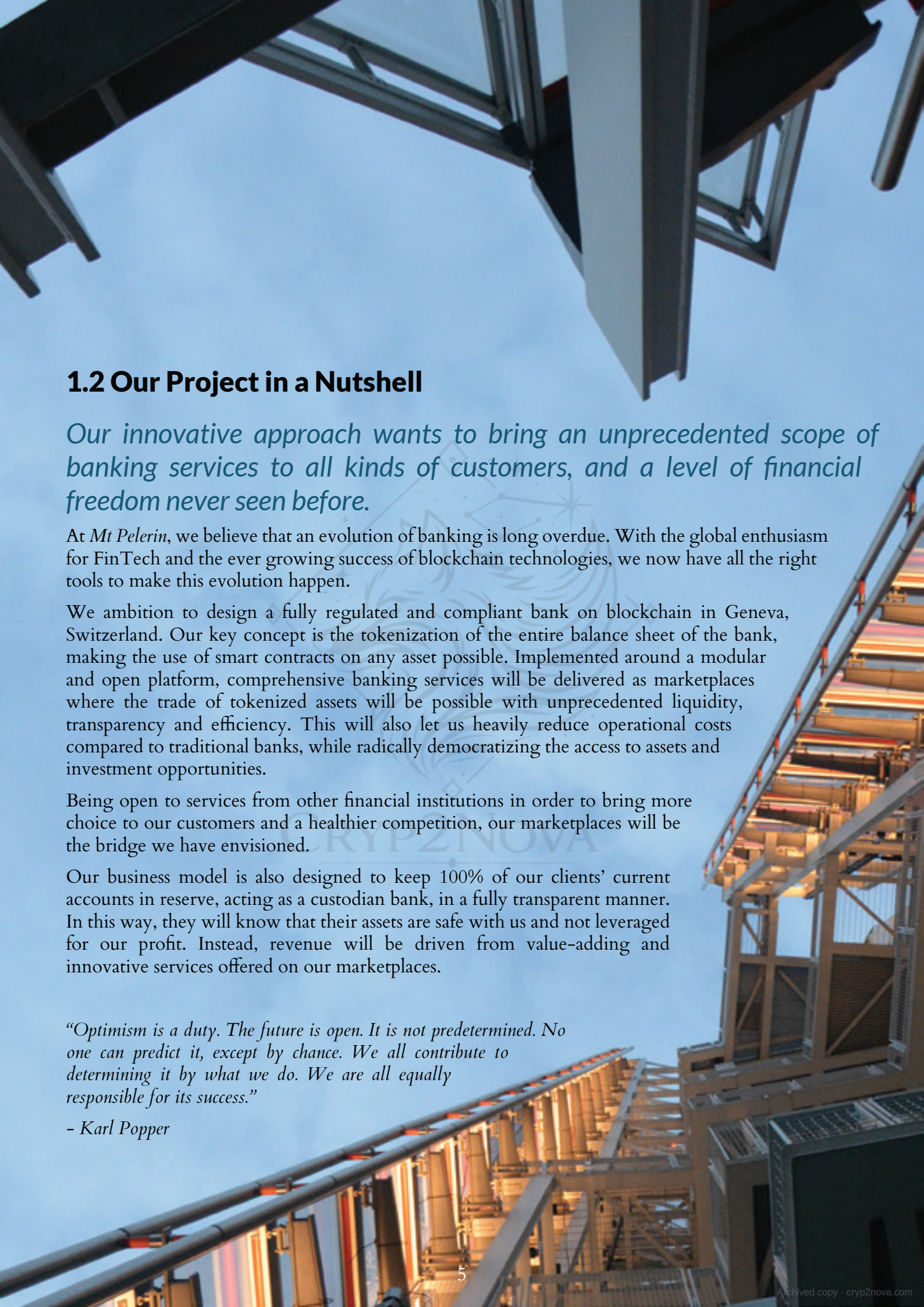
Disruption is now necessary and inevitable, but it will only be successful if it includes all those who wish to contribute to the progress of their industry and society in general. The *Mt Pelerin* project accounts for that, designed as an inclusive disruption leaving no one behind.

With an engineering background, my whole career has been in finance. This puts me in a great position to start such a project and unite an exceptional team that shares my vision and brings a refreshing level of financial expertise to our blockchain-based project, along with state of the art software development skills. I am amazed at the immense enthusiasm and dedication my team has shown, leaving well-paid jobs and taking months or even years of their time towards our shared objective.

I invite you to discover our vision in the following pages, and I rejoice in your joining of our banking revolution."

Arnaud Salomon, Founder and CEO

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1.2 Our Project in a Nutshell

Our innovative approach wants to bring an unprecedented scope of banking services to all kinds of customers, and a level of financial freedom never seen before.

At *Mt Pelerin*, we believe that an evolution of banking is long overdue. With the global enthusiasm for FinTech and the ever growing success of blockchain technologies, we now have all the right tools to make this evolution happen.

We ambition to design a fully regulated and compliant bank on blockchain in Geneva, Switzerland. Our key concept is the tokenization of the entire balance sheet of the bank, making the use of smart contracts on any asset possible. Implemented around a modular and open platform, comprehensive banking services will be delivered as marketplaces where the trade of tokenized assets will be possible with unprecedented liquidity, transparency and efficiency. This will also let us heavily reduce operational costs compared to traditional banks, while radically democratizing the access to assets and investment opportunities.

Being open to services from other financial institutions in order to bring more choice to our customers and a healthier competition, our marketplaces will be the bridge we have envisioned.

Our business model is also designed to keep 100% of our clients' current accounts in reserve, acting as a custodian bank, in a fully transparent manner. In this way, they will know that their assets are safe with us and not leveraged for our profit. Instead, revenue will be driven from value-adding and innovative services offered on our marketplaces.

"Optimism is a duty. The future is open. It is not predetermined. No one can predict it, except by chance. We all contribute to determining it by what we do. We are all equally responsible for its success."

- Karl Popper

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1.3 Our Mission

We are *Mt Pelerin* and we want to be the bank of the future, one entirely built on chain to simplify and democratize complex financial services with fairness, transparency and service excellence as core values.



1.4 Why Mt Pelerin?

Our name refers to the *Mont Pèlerin Society*, a group of brilliant economists and intellectuals advocating for an open society and economy driven by free market principles, personal and political liberty, and freedom of expression.

The *Mont Pèlerin Society* was founded in 1947 at the first conference organized by Professor Friedrich Hayek on the *Mont Pèlerin*, a small mountain overlooking Lake Geneva, our home. Professor Hayek invited 60 liberal scholars from all over the world to meet and renew the links that had been broken between them by war and nationalism. The society's founders include Friedrich Hayek, Frank Knight, Karl Popper, Ludwig von Mises, George Stigler, and Milton Friedman, among others. Although these intellectuals represented a mix of schools of thoughts, e.g. the Chicago School of Economics or the Austrian School, they nevertheless all agreed on a desire to promote liberal ideas in the classical sense. The group never aspired to conduct propaganda nor align with any political party. Its sole objective is to facilitate the exchange of views among minds inspired by certain ideals and broad conceptions held in common and to contribute to the preservation and improvement of the free society.

At *Mt Pelerin*, we believe in a long-term pragmatic banking project that will release the creative energy of individuals. We believe in creating favorable conditions for the banking industry to progress as a whole, while at the same time empowering customers by giving them utmost freedom in the choice and use of financial services.

Those ideals are very dear to us: they represent our values not only in business but in life in general. We also believe that they are completely aligned with the crypto world and its underlying decentralization drive.

We have named our project Mt Pelerin to herald our origins and our moral values.



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To achieve its ambition Mt Pelerin is working on obtaining relevant licenses from the FINMA, Switzerland's financial regulator.



1.5 Why a Bank?

The question is legitimate, especially in light of the legal and financial complexity involved in establishing a new banking institution. However, we chose this form to materialize our vision and ambition, especially because it would allow us to:

1. Be custodian of assets (e.g. long term deposits)
2. Provide efficient FX services
3. Provide credit related services
4. Democratize trade and corporate finance
5. Issue cards
6. Have a direct connection to SIX and the Swiss Interbank Clearing and its speed of execution

As you will see with the nature of our services detailed later in this document, our project relies on the ability to address all these aspects in an efficient way.

Becoming a regulated bank in Switzerland will also help us greatly in keeping our customers' assets and privacy safe, and maintaining the project's complete independence. It will allow us not to rely on other banks for crucial services and to have the independence that such an innovative vision requires in the long run.

Finally, the blockchain and crypto community has always expressed a strong need for a specialized financial institution that is adapted to both the crypto economy and traditional finance, while being established in a reputable and trustworthy jurisdiction.

This is why we want to create an institution that will bring more than a tech solution to the problem at hand. We want to create a bridge between the legacy and the crypto financial world, a bridge that will augment traditional financial services with all the speed, efficiency and cost reduction that blockchain and tokenization allow today. Also, building bridges is easier when you can have a foothold on each side.

Last but not least, this vision will be safe in Switzerland, a country renowned for its legal and political stability, a country that never confiscated assets from its citizen in its history.

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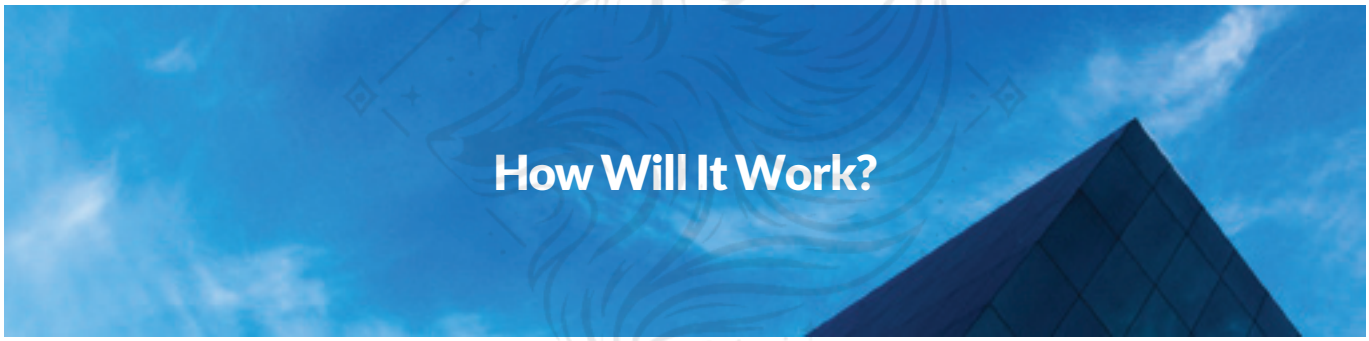
2 Project Overview

Mt Pelerin wants to bridge classical finance and the crypto space, bringing freedom, transparency and openness to the banking industry.

Mt Pelerin wants to create a blockchain-based modular platform with a tokenization system that aims to bring the entire bank's balance sheet on chain. With an open approach that would allow external banking and financial organizations to be included, the goal of this platform will be to leverage tokenization to democratize investment opportunities to the public while heavily rationalizing the traditional cost structure of those financial services. It would also be a bridge between traditional and crypto assets, accelerating the global attractiveness of the platform.

"The argument for liberty is not an argument against organization, which is one of the most powerful tools human reason can employ, but an argument against all exclusive, privileged, monopolistic organization, against the use of coercion to prevent others from doing better."

- Friedrich A. Hayek



100% Deposit Reserve

Money deposited on *Mt Pelerin*'s current accounts will be kept in full in highly liquid reserve, with the state of the total reserve being public and reported in real time on chain. Unlike other banks, we will not reinvest our customers' deposits in risky assets for our own profit.

Marketplace Approach

With deposits being kept safely in reserve, *Mt Pelerin* will not offer banking services itself but rather strive to provide marketplaces with the necessary compliance and technological facilitation built-in. Integrated in an e-banking portal, the goal of these marketplaces will be to connect customers and third party providers and let them freely offer and request services (currency exchange, loans, etc.) at the conditions they choose. *Mt Pelerin* would act as a market maker through bots populating the marketplace, passing the risk back-to-back to brokers, banks, credit and other financial institutions.

Tokenization of the Bank

At *Mt Pelerin*, our ambition is to tokenize assets (loans, for instance) and liabilities (deposits), i.e. issue them on Ethereum blockchain (at launch) as ERC20 compatible tokens, creating an ecosystem where smart contracts could be applied. With this approach, we want to bring an unprecedented level of liquidity and convenience to the trade of banking and financial instruments, resulting in disruption of the status quo. This would also create an effective bridge between crypto assets and classical finance.

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Modular and Open Banking Platform

Our marketplaces will be built as an open platform providing core services, on top of which micro-services will be added as independent API based software bricks. We will be able to connect the services of third parties to our bricks, and even add their own complementary bricks to our platform. With our inclusive approach, we will create an open banking tech environment that will benefit all participants.



Revenue Model

"There's no such thing as a free lunch." - Milton Friedman
As we want to exclude revenue driven from on-balance sheet credit, our business model will include fees and commissions taken on services and transactions taking place on our marketplaces. These fees will be significantly smaller than those of traditional banks, thanks to the highly digitalized and automated approach we will take throughout our entire system. Therefore, we will strongly mitigate or avoid many costs usually seen in banks, and we will significantly reduce the power and influence of typical intermediaries by repositioning them as liquidity providers, acting as cost-cutting broker. While the resulting lower pricing would attract customers for some of our services, the unprecedented access to services that were the preserve of private banks and investment bankers would also be a major volume driver.

Regulation

We will strive to become the first blockchain-based bank to be established and completely regulated in a country renowned for the stability and excellence of its financial and legal environment, but also for its open mindedness about blockchain and cryptocurrencies: Switzerland.

We are working towards obtaining relevant licenses (notably banking and security dealer licenses) from Switzerland's financial regulator (FINMA), and we are preparing the regulatory compliance of our services, structure and funding proposal. For this critical regulatory part, we are working together with some of Switzerland's best business lawyers and banking specialists.

With this upstream preparation, we want our investors to have as much confidence as possible that the funds invested in our project will go toward its implementation and not into the resolution of regulatory conflicts that would come from insufficient planning.

Multi-IBAN Account

We will design accounts with a master IBAN and up to 30+2 dedicated IBANs corresponding to 30 fiat currencies and later on Bitcoin and Ether. Money transfers would be done via legacy route (SWIFT, SEPA, ACH), and tokenized fiat currencies could be sent to whitelisted crypto wallets.

Multi-Currency Debit Card

Clients will be able to make international withdrawals and payments with our debit card connected to our currency exchange and capable of on-the-spot conversion with the lowest fees and a high level of control.

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Project Roadmap

- Q3 2016: MVP
- Q4 2016: Proof of concept with a Swiss bank
- 07.2017: Creation of Smart Execution SA
- Q3 2017: Regulation and compliance work start
- Q3 2017: Smart contracts & oracles v2
- Q1 2018: FINMA presentation of the project
- Q2 2018: Wallet beta
- Q3 2018: Release of the Mt Pelerin Bridge Protocol
- Q4 2018: Successful Seed round
- Q2 2019: Collecting pledges for min. capital
- Q2 2019: Wallet release
- Q2 2019: Front end v1
- Q3 2019: IT & process external audit
- Q3 2019: Back end release candidate
- Q1 2020: Target public launch with fiat bank accounts, cards and FX
- Q2 2020: Trade finance marketplace
- Q2 2020: Crypto accounts, cards and FX
- Q4 2020: Loan products marketplace
- Q2 2021: Business products marketplace
- Q4 2021: Savings & funds marketplaces
- Q2 2022: Real estate marketplace

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What We Have Already Achieved

- ✓ Core IT Platform MVP
- ✓ Order Book
- ✓ Authorized Financial Intermediary
- ✓ Mt Pelerin Bridge Protocol
- ✓ Deals with Brokers & Card Issuers
- ✓ Currency Exchange
- ✓ Market Maker Robot
- ✓ ETH & RSK Wallet Beta
- ✓ Saxo Bank Office Sponsor
- ✓ Geneva Banking Partners

All future dates are estimations and do not represent commitments from Mt Pelerin. Updates of this roadmap will be issued when estimations are reevaluated.

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3 Banks Today

With the successive financial crisis and the failure of many banking institutions large and small, the underlying risks and limitations of the traditional banking system keep being more and more apparent to specialists and laymen alike.

To understand the benefits of the project we are bringing to the table, it is important to remind how commercial banks work today and emphasize the shortcomings we want to eliminate to propose a real evolution of banking



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3.1 Limitations and Risks of Today's Banking

3.1.1 Fractional Reserves

Most of the commercial banks operating in the world are fractional-reserve banks, meaning that only a thin fraction of all its deposits are in a state of readily available cash or deposited at central banks.

This approach has historically allowed banks to thrive by leveraging deposits beyond their reserve ratios into interest-paying investments. However, it is now outdated: banks without deposits have emerged, reserve requirements no longer exist in several jurisdictions (Canada, for example) and the asset liability management of banks is largely dictated by a set of prudential rules governing their solvency and liquidity.

Account holders bear the risk of a bank run

However, this system implies a major problem. The account holders bear the risk of a bank run, when all depositors rush to withdraw at the same time their deposits to a proportion that exceeds the bank's available cash. Typically, this risk is mitigated by the existence of safeguards such as deposit insurances, central bank liquidity support or government fund guarantees. By extension, all obligations with a bank are subject to a counterparty risk.

However, such mitigants have their own shortcomings, and therefore confidence issues and systemic risk remain inherent to fractional-reserve banking.



3.1.2 Banking Regulation

Because of the risks and limitations of the fractional-reserve system, banks are subject to increasingly stringent rules and requirements set by regulators in terms of solvency and liquidity. Such regulations, which aim at keeping the risk exposure of banks and their solvency under control, are a constant effort to ensure the stability of the world's financial system and economy.

However, those rules involve the conduct of audits, stress-tests and other forms of verification on a constant basis. Considerable human and financial resources are therefore mobilized to monitor and ensure the compliance of a bank with the reserve and capital requirements it is subject to.

When banks do not abide to regulatory rules, they become under the threat of losing their license and being wind down by the regulator unless they commit to address their flaws and succeed to raise enough additional capital, which comes at a cost.

The inherent design of this system is problematic

The inherent design of this system is problematic, and the increasing amount of efforts to secure and regulate it leads to vast inefficiencies and a suboptimal allocation of resources that could be used to create more value for end customers and shareholders instead.

3.1.3 System Dependency

The current financial system involves many types of organizations to function, from banks to insurances, governments, private and institutional funds, rating agencies, etc. The nature of this system creates deep and complex entanglements between those entities, which can lead to chain reactions of dramatic proportions as we have seen during the 2007-2008 crisis.

With this system, even healthy and conservative institutions can be severely impacted by the risk mismanagement of others. In the aftermath of the 2007-2008 crisis, regulators have addressed the complex issue of systemic risk. As a result,

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institutions and systems are relentlessly stress-tested while banks have built unprecedented buffers to absorb not only expected losses but also unexpected ones without the exceptional support of taxpayers.

3.1.4 The Role of Banks

Banks have a vital importance for the economy and ultimately for governments: they preserve the value of depositors' savings and transforming such savings into productive investments in the real economy through credit.



Since the financial crisis a decade ago, the ramp-up of new regulatory buffers and implementation of new risk controls under the Basel III umbrella have become the overarching priority for banks. Underpinned by tougher regulations, they have operated in a deleveraging and de-risking mode since then, and have been internally focused to the detriment of client satisfaction and credit origination.

3.2 The Drag of Legacy IT Systems

While many commercial banks are certainly not blind to those issues and the need to evolve toward a more sustainable banking system, undertaking the necessary organizational and technological reforms required to do so proves to be a mind-breaking challenge.

Being more than a century old in many cases, today's banks operate with structures that are the result of decades of market history and legal evolution. Therefore, their internal processes and protocols are a patchwork of old and new elements co-existing and collaborating thanks to immeasurable efforts of integration.

As banks are strongly constrained by their existing processes and systems and as the costs of implementing new elements grow exponentially with the ages of those very same elements, expecting a giant leap forward in the organization and services of existing commercial banks becomes more and more questionable.

3.2.1 Reliance on Legacy Systems

Banks' heavy reliance on legacy IT systems is probably the most obvious difficulty they face to adapt their structure and services to a competitive level.

Most banks are still using outdated proprietary IT systems

Up to this day, most of banks are still using outdated proprietary IT systems and software developed in the 70's or the 80's that obviously do not match modern standards and best practices anymore. In many cases, mission-critical operations are not even automated and still performed manually. A good example from 2012 was the use by *JP Morgan* of Excel spreadsheets to manually compute their value at risk measures, which contributed to their famous $6.2 billion trading loss.

As banks grew over time, so did the number of IT systems needed to answer their operational needs and satisfy the demands of a rapidly changing market. However, the poor compatibility, the inevitable redundancies and the lack of synchronization between internal and

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external systems quickly became a major bottleneck to any sort of transformation. Beyond a mere hindrance to adaptation, legacy systems also became an important cost center as the expenses to maintain and upgrade increasingly complex architectures understandably grew quickly out of proportion.

Replacing legacy systems is a real conundrum for banks, with enormous amounts of data to migrate from deprecated database systems and a labyrinth of isolated software with unclear goals and mechanisms that would need to be taken over by any new IT system.

An extra difficulty, of course, is that a bank cannot afford the risk to have any sort of system upgrade disrupt its daily operations and its customers', which would result in severe losses and possible fines. The barrier for a bank to modernize its legacy systems is therefore colossal.

At last, we can remind that banks are among the largest IT employers in the world, and yet they are far from being as innovative in the domain as non-financial IT companies like *Google*, *Facebook, Amazon* and the likes. This gives a good clue about the IT problems faced by banks.

3.2.2 High Costs of Execution & Change

When reading the annual reports of most of banks, one can realize that most of their expenses are condensed around the management of their regulatory compliance, their IT maintenance, their execution costs, and all the human resources related to those tasks.

To illustrate those expenses, one can think of the size of the back offices, the confirmation and reconciliation departments, all the sales traders (whose only added value is to be industry jargon experts), and so on. All those cost centers are the huge remnants of a legacy system in an era of blockchain, smart contracts and bot automation.

Having to deal with their legacy systems and structures, the hands of banks are tied and they have significant difficulties to start investing their funds into new services and new technologies that will guarantee their adaptation to the new market paradigm.

3.3 The Opportunities We See

3.3.1 A New Value Proposition

With the flaws of the current commercial banking system and the barriers its members face to offer better services and adapt to more and more demanding customers, we have today a great opportunity within our reach to bypass the age-old actors of this market and become the first institution to offer a brand new banking experience with truly value-adding services.

Beyond an improvement of existing banking services, another opportunity is also to restore the confidence and trust in banks that successive frauds, abuses and scandals have damaged.

We will re-center the creation of value on our customers

By re-centering value creation on our customers and giving them back the power to control and reap the fruits of their own wealth, we have an opportunity to build a new kind of bank that will reconnect with the society and distill again trust and respect to people. Moreover, by operating in essence in a "plug and regulate" architecture that ensures transparent real-time measures for our regulator, our solution will contribute to the overall robustness of the system.



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3.3.2 Leveraging Full Digitalization

The year 2008 has seen the advent of the blockchain and cryptocurrencies, which have been developing at an impressively fast pace. They have also contributed to the acceleration of the FinTech craze, in the context of regulation evolution (PSD 1).

This whole new environment is now a chance to leverage everything it has to offer and build a bank with fully digitalized services and processes. With a transparent, open-source and modular approach in mind, such a bank would not only be capable to offer a whole new level of performance and service excellence to its customers but also be able to avoid the trap of the old-style IT systems that led all the existing banks to be stuck with legacy systems.

A bank based on a future-proof and open architecture

The opportunity we see today is to create a new bank based on a future-proof and open architecture designed to evolve its services.

3.3.3 Cost Optimization

With decades of observations of how traditional financial institutions operate, there is today a clear picture of how operational expenses are structured for banks and where are the difficulties for them to optimize costs.

Paper administration, complex accounting, middlemen and intermediaries, the important staff required to oversee all of the previous, these are just a few of the many things that generate large expenses for banks and their customers that have no absolute reason to exist.

With a fully digitalized approach, we see an enormous opportunity to build a bank designed to eliminate from scratch unnecessary cost-generating steps in the way services are delivered and save this way money for the bank, its customers and shareholders.

3.3.4 Digital Assets and Tokenization

Many FinTech actors specialize in porting assets to a digital medium, while others focus on the optimization of processes. *Mt Pelerin* goes on step further, assimilating both aspects by building bridges to allow legacy banking system processes to be included in its marketplace.

Tokenization of stable currencies within an adequate legal framework through smart contracts, blockchain and related technologies opens a whole new set of opportunities. For example, this will allow traditional financial instruments to be automated through smart contracts, while still allowing them to operate in USD without involving any cryptocurrency in the process.

A financial entity with the proper legal structure could accept, hedge, collateralize and convert cryptocurrencies into a system in which customers have the security to deal with a regulated entity.

Section 4.1.8 of this document shows how *Mt Pelerin* intends to develop its tokenization services and open its marketplace to a large and diverse set of assets.

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4 The Project

As a solution to address all the problems and opportunities mentioned in the previous chapter, we have designed a project for a new kind of bank that will achieve our vision for better and fairer banking.

This project is built upon the following principles:

Application for Relevant Swiss Licenses

✔ *Legal Stability, Independence and Trustworthiness*

100% Deposit Reserve

✔ *Total Deposit Safety and Availability*

Marketplace Approach

✔ *Fully Integrated Access to Banking Services*

✔ *Simpler, Faster Usage*

Asset Tokenization

✔ *To Aim for More Liquid, More Accessible Investments*

✔ *Bridge Between Crypto and Real World Assets*

Modular IT Platform

✔ *API Micro Service Bricks*

✔ *Easy Third Party Integration*

✔ *Open Ecosystem*

Full Digitalization and Rule Engine Automation

✔ *Heavy Cost Rationalization*

✔ *Free Bank Accounts*

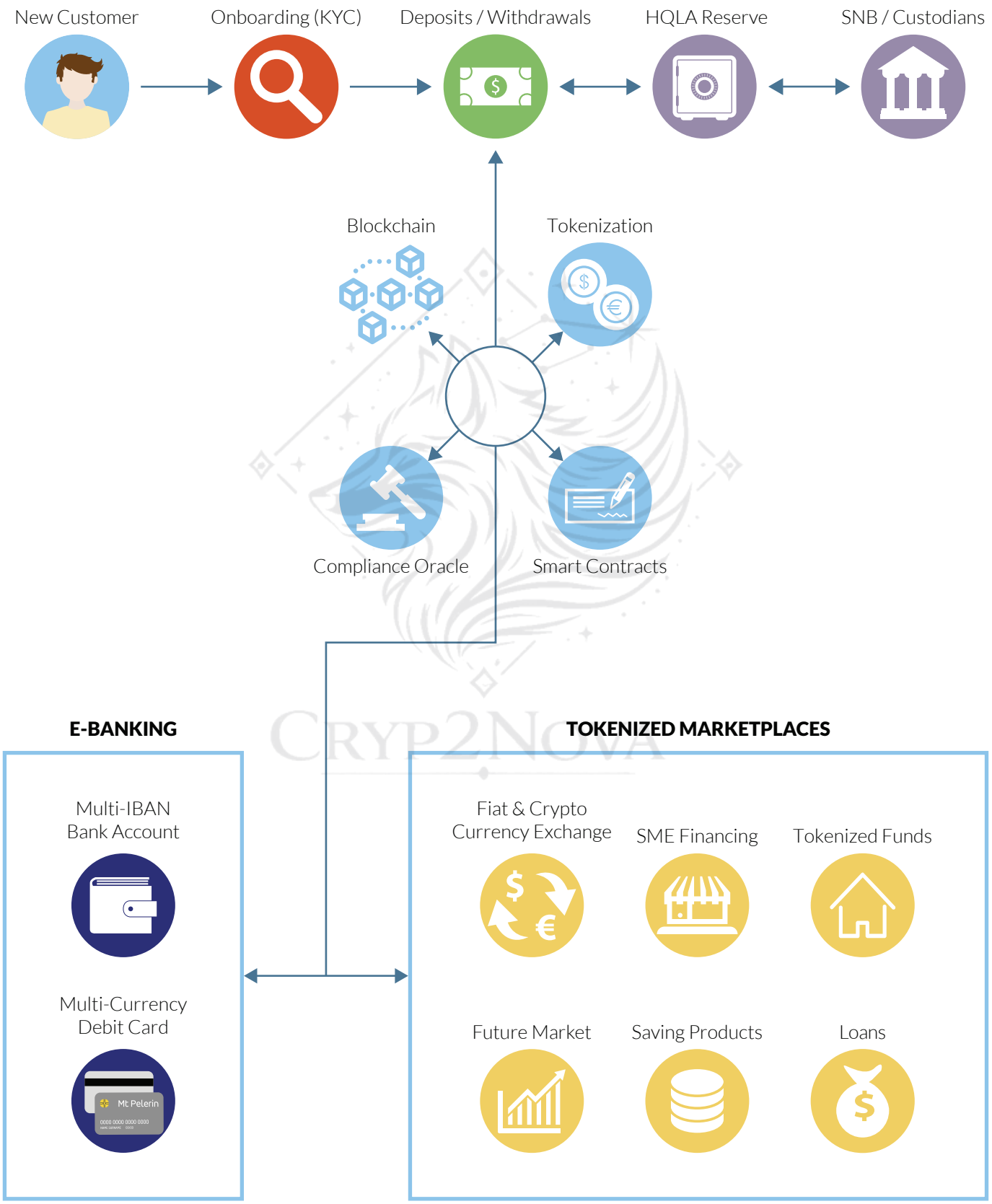
✔ *Large and Highly Competitive Range of Financial Services*

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4.1 Features

4.1.1 Overview

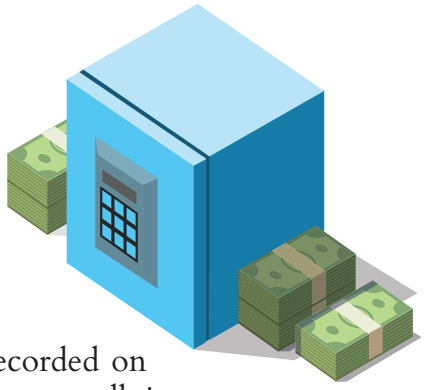
The diagram below illustrates the envisioned structure of our services and the interactions between them. Each step and service is explained in more detail in the following pages.



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4.1.2 Full Deposit Reserve



Unlike traditional fractional-reserve banks, *Mt Pelerin*'s goal is to exclude on-balance sheet credit and therefore to keep deposits at 100% in reserve, with institutional custodians. To mitigate bank run risk, deposits will be invested to the extent possible in high quality liquid assets, such as placements at the Swiss National Bank.

100% of deposits kept in highly liquid reserve.

The state of *Mt Pelerin*'s total deposits and their evolution will be recorded on Ethereum blockchain, and will therefore be completely transparent to all in a permanent and immutable way. The balance sheet will be publicly known in real time, while the holdings of each individual customer will remain confidential.

Mt Pelerin is also planning to offer custody services for Bitcoins, Ethers and other cryptocurrencies with the ability to deposit and withdraw.

With this 100% reserve policy, we bring to the market a truly safe and transparent solution where assets remain in the control, and at the immediate disposal, of their owners.

4.1.3 Tokenization of the Bank

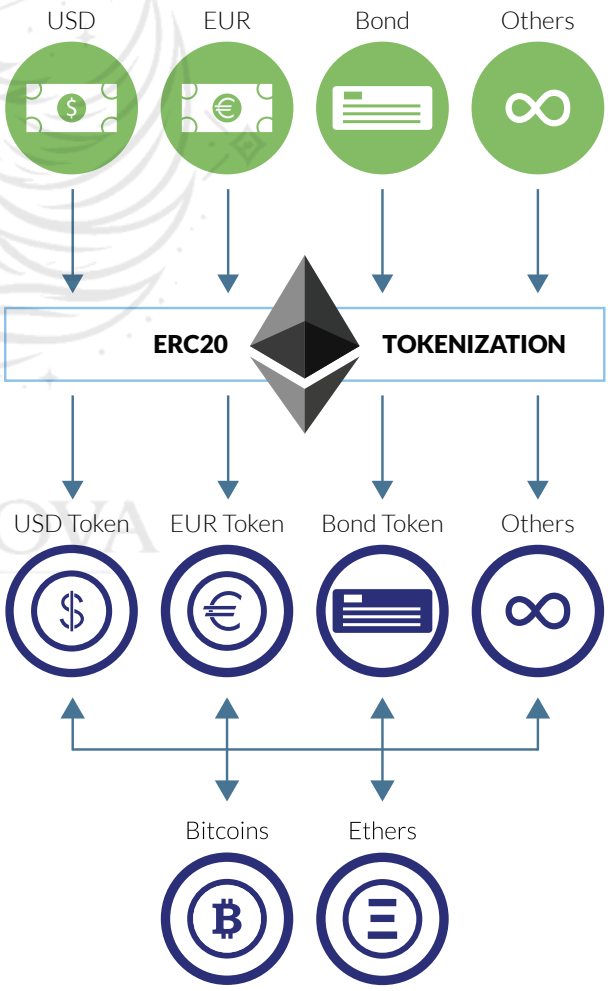
The core principle at the heart of our project is the blockchain-based tokenization of the entire bank's balance sheet. Unlike other crypto-banking projects that merely offer to deal with cryptocurrencies as banks, *Mt Pelerin* proposes a paradigm shift with a comprehensive banking system on blockchain.

With tokenization, we are building an entire bank on chain.

With this ambition, our goal is to bring a viable solution to the market that leverages the benefits of the blockchain and cryptocurrencies to deal with the ownership and transfer of real-world assets. More specifically, we want to systematize the tokenization of any asset or liability and make them available to all as highly liquid and easily tradable vehicles.

With this approach, our goal is also to provide a bridge between Bitcoins, Ethers and other cryptocurrencies with real-world assets. Such a bridge would finally facilitate exchanges between the two worlds, and allow cryptocurrencies to become a much better mean of investment.

In practice, *Mt Pelerin* aims at reflecting assets (loans, for example) and liabilities (customer deposits) on chain through the issuance of ERC20 tokens, immediately available to be used and traded on the *Mt Pelerin* marketplaces.



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4.1.4 Marketplace

The core feature of *Mt Pelerin* that our tokenization concept should make possible is a marketplace that will be available to our customers, both businesses and invididuals.

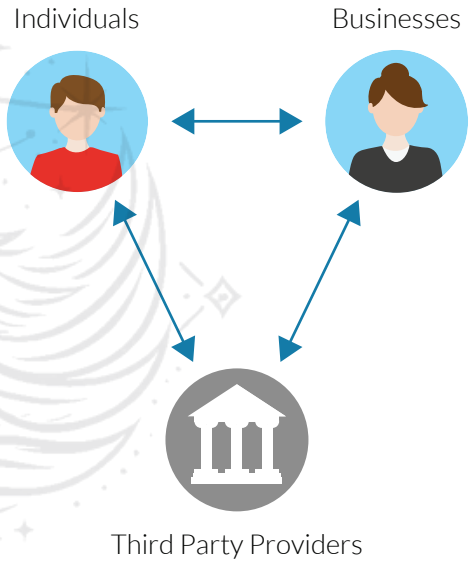
Beyond the usual features of an e-banking portal (account overview, transactions history, bank transfers, etc.), our marketplace wants to provide any other banking service to the extent possible, according to a timeline that will be defined at a later stage. Seamlessly integrated in the same front-end interface as the e-banking portal, this marketplace will simplify and facilitate the access to complex banking services for users who might usually not have access to them or at a much higher cost. The interest is also to give anyone the possibility to request services and answer the requests of other users.

In this way, our marketplace aims at letting users transact directly between them and thus eliminating the intermediaries and associated costs usually involved with the traditional banking services.

The goal of our marketplace approach is to connect supply and demand through tokenized and smart contract-based financial services.

Also, by being able to provide the counterpart of service requests, users who actively engage in that activity would have access to the level of financial rewards normally reserved to investment banks and finance professionals. Alternatively, users who choose to stay passive on the marketplace would simply enjoy faster, cheaper and more convenient services as described in the following pages.

Please note that in Switzerland offering marketplace services requires qualification as an MTF (*Multilateral Trading Facility*), which requires a license as FMI (*Financial Market Infrastructure*). Most likely, the MTF should be a subsidiary or affiliate of the future bank.



A. CURRENCY SPOT EXCHANGE

The first use case we have developed for our marketplace is a currency exchange supporting 30 fiat currencies plus Bitcoins and Ethers (subject to relevant regulatory authorizations).

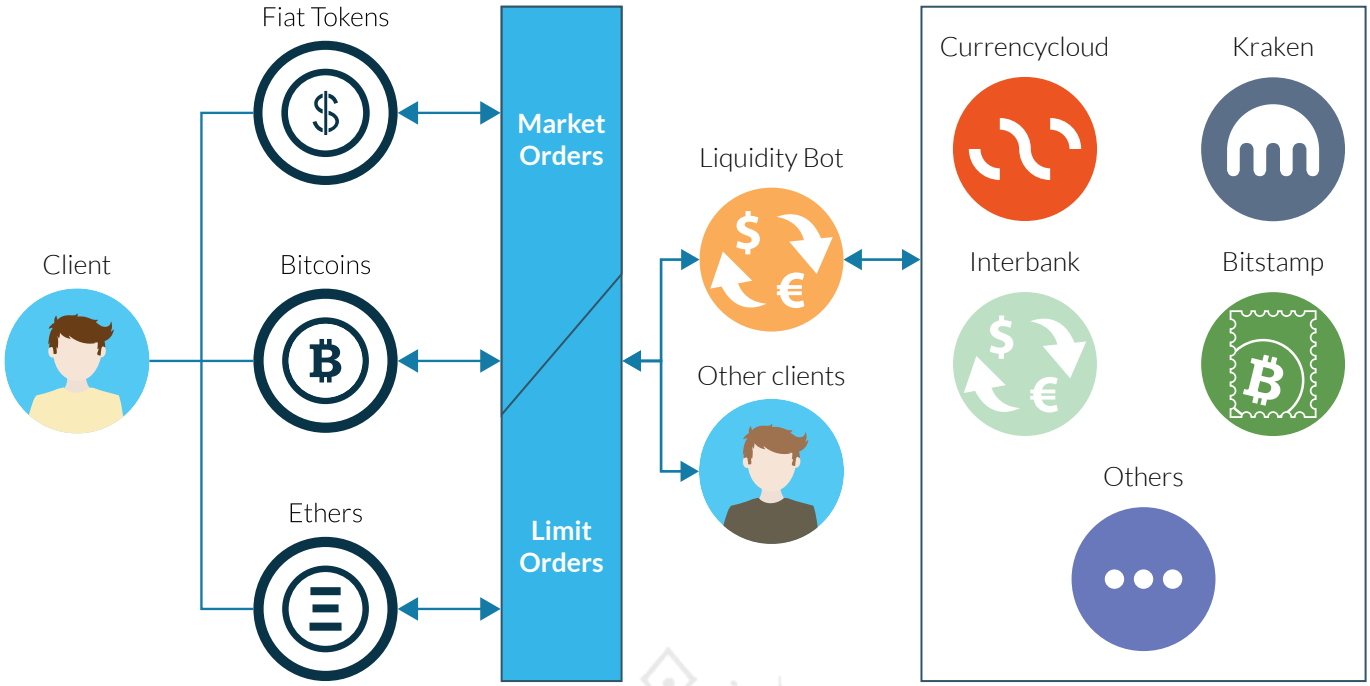
Built with a liquidity bot whose purpose is to act as a market maker (specific type of securities dealer license may be required if underlying is a derivate, or other type of security), it executes transaction back-to-back with fiat brokers such as *Currencycloud* and a large Swiss investment bank that we will partner with (which is also giving us access to its FX aggregation tool that connects to 16 liquidity providers), and *Kraken* and *Bitstamp* for cryptocurrencies. Our exchange offers spreads that are already 10 to 20 times cheaper than traditional commercial banks.

With this service, users would get access to a platform where they can either execute market orders (get the best exchange deal right now) or place limit orders (trigger an exchange when a specific limit price is met only) in order to control their exchange operations with precision. *Mt Pelerin*'s advantage here would be to provide a place for everybody to trade and control their fiat and cryptocurrencies in a fast and cheap way, on a secured and trustworthy platform regulated in Switzerland.

The unique debit card our account holders will receive would also use this currency exchange to perform instant currency conversions at the best deal when used abroad (see 4.1.6).

Competitive and convenient crypto and fiat currency exchange for everyone.

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B. FUTURES AND DERIVATIVES

Futures markets allow to hedge currency needs in the future. They are also a way to speculate on the future value with leverage as future trading only requires to settle the difference of price at expiration (margin trading). This is also valid for cryptocurrencies, and derivatives contracts can also be concluded on Bitcoins and Ethers on top of traditional fiat currencies.

Just like on our spot exchange market, we intend to connect market makers and liquidity providers on a future and derivative marketplace. To do so, we want to take the famous *BitMEX* platform as an inspiration and make a Swiss-regulated version of it for the crypto part.

C. LOANS

When someone goes to a bank to request a loan, that person only gets access to that one bank's offer and conditions. The problem is that this client does not mind who provides the loan, as long as it meets the client's conditions. To find the best deal, people need to request offers one by one from banks, and are limited to the institutions available in their geographical vicinity.

With our intended loan market (in fiat and crypto currencies), we want to give our customers access to a vast number of loan providers around the world in a single place and select the one who answers their criteria the best. Alternatively, users would also be able to submit loan requests to the community with their specific conditions and wait for the crowd to answer them. Legal, regulatory and jurisdictional restrictions shall obviously apply to such products.

Powered by Smart Contracts

Automated contractual relationships that can be sold and transferred.

Third Party Loan Providers

Back-to-back market making with loan providers (ex: *UBS*, *BNP Paribas*) and platforms (ex: *Lending Club*) able to provide their products on our loan marketplace via API calls.

Collateralization

Loans could be collateralized on our platform, including with cryptocurrencies.

Margin Trading

Loans could be contracted for margin trading in both fiat and cryptocurrencies.

Mt Pelerin Tokenized Funds

We plan to create in the future investment funds dedicated to grow our loan market and provide opportunities tailored for our community in separate regulated entities.

We want to democratize entire asset classes for the crowd to own.

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Loan requests could either be answered by another user or several other users (which in this case would be crowdlending), by banks and credit institutions or by other lending platforms (such as *Lending Club*) via API calls. We will actively work to expand the number of third party loan providers present on our platform after launch. We also plan to develop in the future tokenized funds (see next page) dedicated to feed this loan market and grow its community.

Loans would also have the option to be collateralized, for example with Bitcoins as collateral to get fiat money for a real-world investment while keeping one's exposure to Bitcoin growth.

This loan market would also include the possibility to request and provide loans for margin trading in both fiat and crypto currencies. Other features of this market would also include factoring, trade finance and mini-bonds. Our advantage here would be once again to provide those services in a competitive and fast way, and on a secured and trustworthy Swiss-regulated platform.

Our platform would also provide default risk management on the products offered on our loan marketplace to provide necessary and sufficient data to the counterparties to support their investment decision.

Finally, all loans would be smart contracts, with the contractual relationship being automated and enforced by them (to be validated by the regulator). The ownership of any smart contract could also be sold and transferred to another party. Smart contract investments would therefore remain liquid, with parties who gain in freedom by not having to deal directly with each other.

The disruption that we want to achieve here is a loan product aggregation that would let anyone ask for loans at better conditions, and let anyone invest in higher yields by lending money to projects they believe in. They would not even be locked into those projects until maturity, as their investments would be highly tradable and liquid on the secondary market thanks to the tokenized nature of loans.

D. SAVINGS

Another marketplace we envision is to offer savings products, such as interest paying savings accounts but also other types of products like the Swiss third pillar retirement plan system, and more.

Those savings products would generate yield by being placed with third party funds specialized in this kind of investments. Just like with the loan market, we also plan to introduce in the future our own fund dedicated to invest in savings products to grow this market and its community.

Again, the interest of users here would be to have access to a larger panel of savings providers who could provide services through the power of smart contracts, and to have passive and active fund management options that would fit various risk/reward profiles (restrictions apply, notably MiFID II).

E. PRODUCTS FOR SMALL AND MEDIUM BUSINESSES

Perhaps even more than individuals, small and medium enterprises have a strong need to access a wider offer of financial services than what is normally available to them.

In many countries (Switzerland included), commercial banks tend to lose interest in providing financial services to SMEs as the risks and rewards involved with this scale of business do not correspond to their strategy anymore. Nevertheless, these SMEs (not only nascent tech start-ups but any small scale business) are the ones driving job creation, dynamism and growth in any economy.

With a dedicated SME marketplace, our goal is to address this problem by leveraging once again the power of smart contracts to propose funding services and security (shares or debt) issuing on chain.

SMEs would therefore have access to a competitive marketplace with diverse services to find the solutions tailored to their needs at cheaper and more flexible conditions. And customers would be offered the possibility to have an impact on local economy by selecting the appropriate investments.

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F. TOKENIZED FUNDS

Once our business, platform and community reach a large enough scale, we also have the ambition to start offering tokenized funds to our customers. Indeed, the design of our marketplace is to give active users the possibility to research, cherry pick and manage investments in various types of products, but passive users also exists and have a need to generate yields on their wealth without having to actively manage it. For such passive users, we plan to introduce various solutions, such as:

- A tokenized lending fund, which could feed our loan market based on predetermined criteria and bring a fixed interest revenue for its members and a fixed management fee revenue for us.

- A tokenized discretionary fund, where fund managers could actively invest the fund's money and monitor its performance. The profits would go to the fund's investors, with a performance percentage revenue for us.

- A tokenized real estate fund, where members would be able to invest into real estate properties by pooling their resources. We would drive revenue from this fund by charging a property listing fee and a management fee for the fund's investors.

The implementation of such funds (restrictions apply, notably MiFID II) shall require appropriate authorizations and be structured as independent entities. We want to make the participation to such funds as simple as possible, with our customers being able to invest and manage their money directly from their e-banking portal. Our ambition here is again to democratize and facilitate the access to investment products that are normally reserved to investors of a certain scale.

Democratizing investment funds through tokenization.

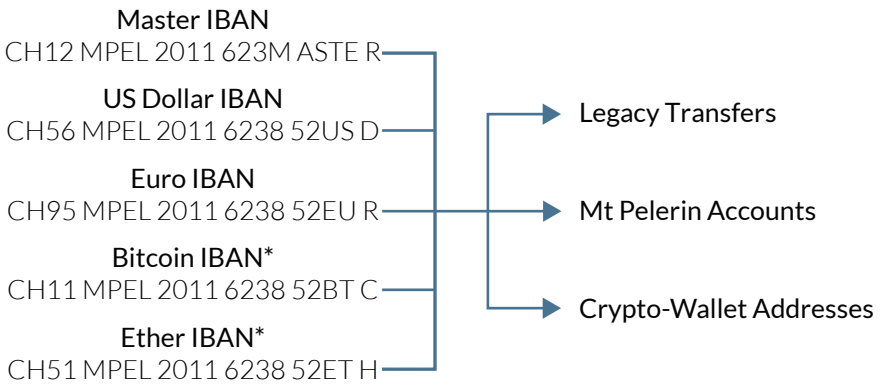
4.1.5 Bank Account

The first advantages of our tokenized system will be visible on the basic bank deposit account itself. Indeed, accounts would be structured with a master IBAN number, with sub-IBAN numbers corresponding to each currency the user wishes to process.

The master IBAN can dynamically allocate incoming currencies into the corresponding sub-IBAN. The sub-IBANs can be used directly to treat specific currencies in a more convenient way, and are able to trigger conversions of non-correspondant currencies upon reception.

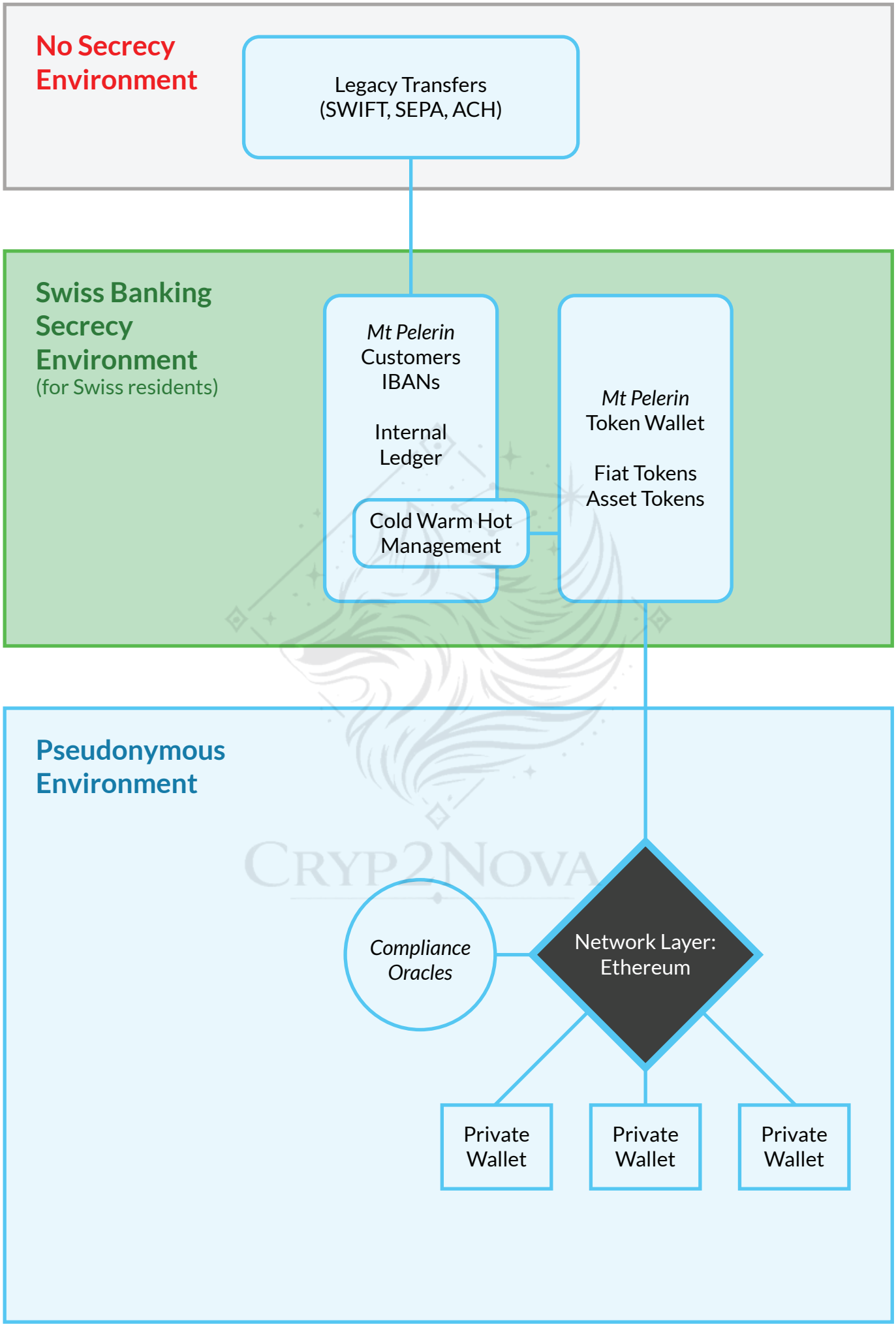
Transfers can be executed to other *Mt Pelerin* customers or external whitelisted crypto-wallets almost instantly and free of charge, except for the mining fee while on chain. Users can also execute transfers through the legacy route (SWIFT, SEPA, ACH) free of charge (to the extent possible) on *Mt Pelerin*'s side (but subject to the charges of the destination / correspondent bank).

We are designing deposit accounts seamlessly bridging fiat and cryptocurrencies.



**Subject to relevant regulatory authorizations.*

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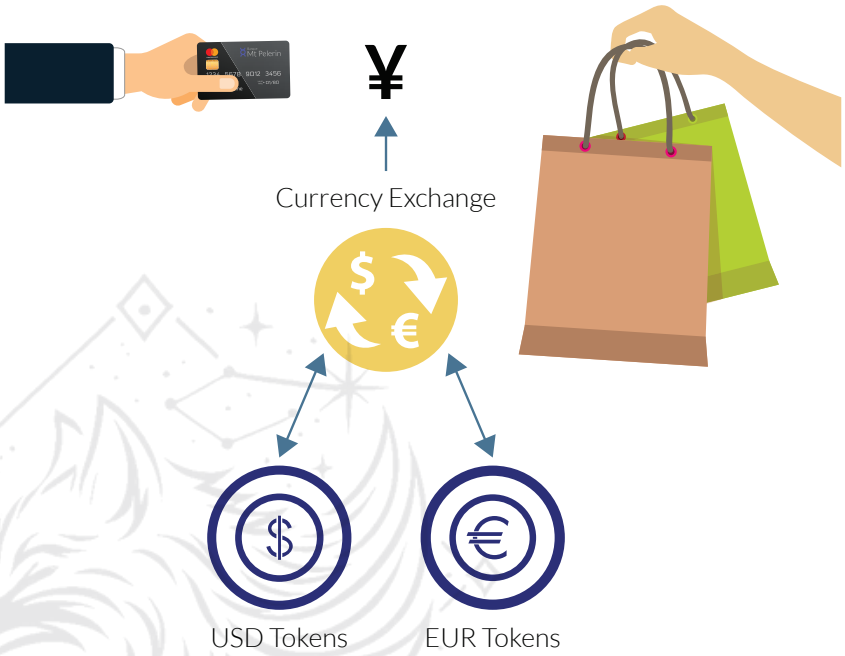
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4.1.6 Multi-Currency Debit Card

When opening an account at *Mt Pelerin*, customers will receive a unique multi-currency debit card linked to their account.

The main advantage of this debit card is to be directly connected to our currency exchange market and its many currencies, and enjoy this way the same benefits of this service.

Our debit card will be connected to our currency marketplace, offering the same cheap and convenient currency exchange.



For example, a customer having USD and EUR on his account travels to Japan and makes some shopping with his *Mt Pelerin* card. If that person held JPY on his account, the card would directly debit that currency for the corresponding amount at no cost. But in our example the customer has no JPY on his account and therefore needs to exchange currencies. At this point, the customer has two options he can selects on his cellphone: an automatic mode where the card uses the customer's main account, triggers an exchange order on our marketplace and finds the best deal for the customer considering the mix of currencies he has on his account, and a manual mode where the customer has full control over which currency to use for the exchange. In both cases, the exchange happens at a fraction of the cost of what Visa, Mastercard and other card providers charge. Once the option is selected, an on-the-spot market order is triggered, and the card immediately settles the purchase amount in JPY.

This card will also support contactless payments, a geographical lock function, and online payment approval notification for increased safety all whithin our app. Moreover, users can also generate an unlimited amount of single-use virtual card numbers to safely make payments online and through NFC compatible phones.



Card representations are non-exhaustive. They are concepts serving an illustration purpose only.

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4.1.7 Mobile Wallet App

At *Mt Pelerin*, transparency and openness are some of our dearest values. Because we are committed to prove them to the community, we want to give it a tool that will not only have a functional value but that will also let people see and challenge our transparency.

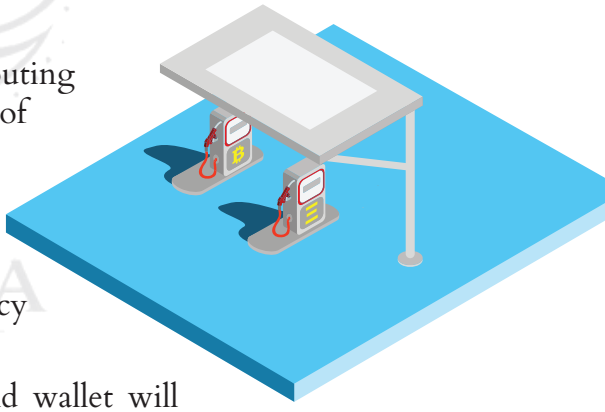
This tool is an open-source mobile wallet app that will be released shortly on the main app stores, with the codes being published on *Github*.

The purpose of this wallet is to give a universal, free and decentralized solution to store and manage cryptocurrencies as well as ERC20 tokens with the augmented features allowed by the *Mt Pelerin Bridge Protocol*. At launch, we will notably cover the two most popular blockchains, Ethereum and Bitcoin via a partnership with *Rootstock* as both are based on Solidity. Therefore, on our wallet you will be able to deal with:

- Ether and any ERC20-compatible token
- *Mt Pelerin* fiat tokens
- *Mt Pelerin* asset and security tokens
- *Mt Pelerin Group SA* MPS share tokens
- Smart Bitcoins (on RSK)
- More soon (multisig, on chain and open hybrid services support)

On the technical side, the wallet is a BIP32 based hierarchical deterministic one. During the account creation, it generates 12 random words that serve as mnemonics that can recreate the master private key at any time. Under it, as many sub-accounts as desired can be created, each corresponding to a public address.

GAS STATION



A blockchain runs on computers, and like any other computing operation it is not free (energy, equipment, etc.). In the case of blockchain, the representation of its costs is called gas and has to be paid every time a transaction or a smart contract is run on the blockchain (just like an engine consumes gas to function). In many cases, it is up to the user requesting a transaction on the blockchain to prepare extra units of the blockchain's currency to pay for gas.

As this system isn't particularly user-friendly, our platform and wallet will include a "gas station" to facilitate the daily operations of our customers. Every time they will perform an action that requires a transaction on a blockchain, our system will automatically prepare the required amount of gas to execute it. It will be calculated and shown to the user before confirming the operation, then deducted from the user's fiat or asset tokens, converted into the blockchain's currency (ETH or SBTC) and finally paid to its miners.

BLOCKCHAIN AGNOSTICISM

The blockchain banking platform we are building is designed to be blockchain agnostic. Although it will initially operate on Ethereum blockchain as it is currently the most mature platform for our purposes, it will be able to support other Solidity compatible blockchains in the future, according to the needs of our customers and to our performance considerations.

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4.1.8 Securitization Through Tokens

Companies of all sizes around the world are in constant need of financial services and frequently have changes in their valuation that can trigger new investment needs. While good options exist in some countries for companies to negotiate their capital, it is not the case in many others**.** Listed companies only represent a minority of active companies and many others have a strong interest to offer shareholding to the market but cannot do so due to expensive listing costs, complicated regulations and difficult access to capital.

Investment banks offer other options such as IPO or private sales of shares, but they are usually limited to big companies due to large costs and constraining regulatory requirements.

Our solution to this problem would be to offer a full spectrum of financial solutions to companies through a digitalized approach, no matter what their size. For instance, once a company with financing needs like described above would have passed our due diligence process it could access, for example, the following options on our platform:

1. Offer shares on a tokenized primary market, tokens being proxies for real shares in custody at *Mt Pelerin*, as well as a real tokenized shares (depending on jurisdictions).
2. Offer direct investments as collateralized debt, royalties or capital increase with the help of smart contracts that ensures transparency and ownership.
3. Receive direct financing optimization through third party platforms offering financing, liquidity management and factoring solutions.

On this platform, blockchain and smart contracts could also be leveraged to offer improved loan syndication features, with higher transaction transparency and better execution through automated syndication rules. Such a panel of solutions would significantly help companies find better financing opportunities by giving their investors a higher level of investment liquidity and a similar level of service than a S&P500 company.

The revolutionary idea here would be to provide a channel to businesses of all sizes where they could easily get a valuation of their assets and activities directly from the market, at the lowest possible cost. We could provide a global listing capacity with direct guarantees through tokens and smart contracts, where blockchain and tokenization would bring the necessary transparency. Smart contracts, applied directly to the relevant currency, could bring perfect execution.

4.1.9 Digital Brokerage of Assets and Value from Platform

A brokerage firm specializes in facilitating the trade of assets or securities between buyers and sellers. It covers all sorts of domains: real estate, derivatives of complex insurances, commodities, and so on.

The basic elements of brokerage are the assets (what is traded), the similar terms (how they are traded) and the trusted counterparties (who is trading). A broker would typically clarify these elements for the parties as well as the price. Once the trade is executed, the broker takes a commission or a fee.

While brokerage used to be done exclusively by phone twenty years ago, many companies flourished by providing brokerage for all kinds of financial securities. Some became extremely successful, and today most of the world's assets are still traded in this way. The way commodities, insurances, logistics and private equity are dealt with is the next frontier of finance.

As a solution, we would not become general brokers ourselves but we would rather provide the framework for professional brokers in need of a platform to execute their deals. In this way, brokers could benefit from an automated platform providing all the facilitation needed to seamlessly execute and grow their business without the heavy manual labor involved today.

Various companies managing trades worth billions of dollars annually have already manifested their interest in having such a platform that could allow them to digitize their business.

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4.1.10 Trade Finance

Around the world, trade finance has always existed in various forms since the Antiquity. While the world goes through regular financial crises, most commodities are still financed by banks through the balance-sheets of trading companies. Whatever the method, trillions of dollars are poured into trades that are only based on the results, management and financial health of companies.

At *Mt Pelerin*, we are already working to participate in a global marketplace where commodities themselves become the assets on which the financing relies.

Bringing real safety, allowing healthier and smaller players to participate and stopping the hyper leveraging that trading companies apply (some well-known companies manage debts that are more than a hundred times larger than their equity) are all desirable objectives that can bring game-changing evolution to a multi-trillion dollar industry that remains unchallenged to this day.

To do so, *Mt Pelerin* would finance cargos in terminals and ships all around the world through the paradigm that a properly surveyed and insured cargo in a safe place brings more security to investors than what the balance sheet of a trading company provides.With our approach, *Mt Pelerin* would have ownership of all the cargo it finances and use all the necessary market tools to finance it at the cheapest costs. More specifically, this would be done through special purpose vehicles and dedicated funds.

Recent bonds issuance showed a great market interest for this paradigm shift, as its potential is enormous. Geneva is also one of the most important commodity trading platform in the world, and we are lucky to have among our team experts in the domain. With the skills, the network and a privileged access to this market, we are in a unique position to launch this new business model and bring exceptional investment opportunities to the crowd (subject to restrictions, notably MiFID II).



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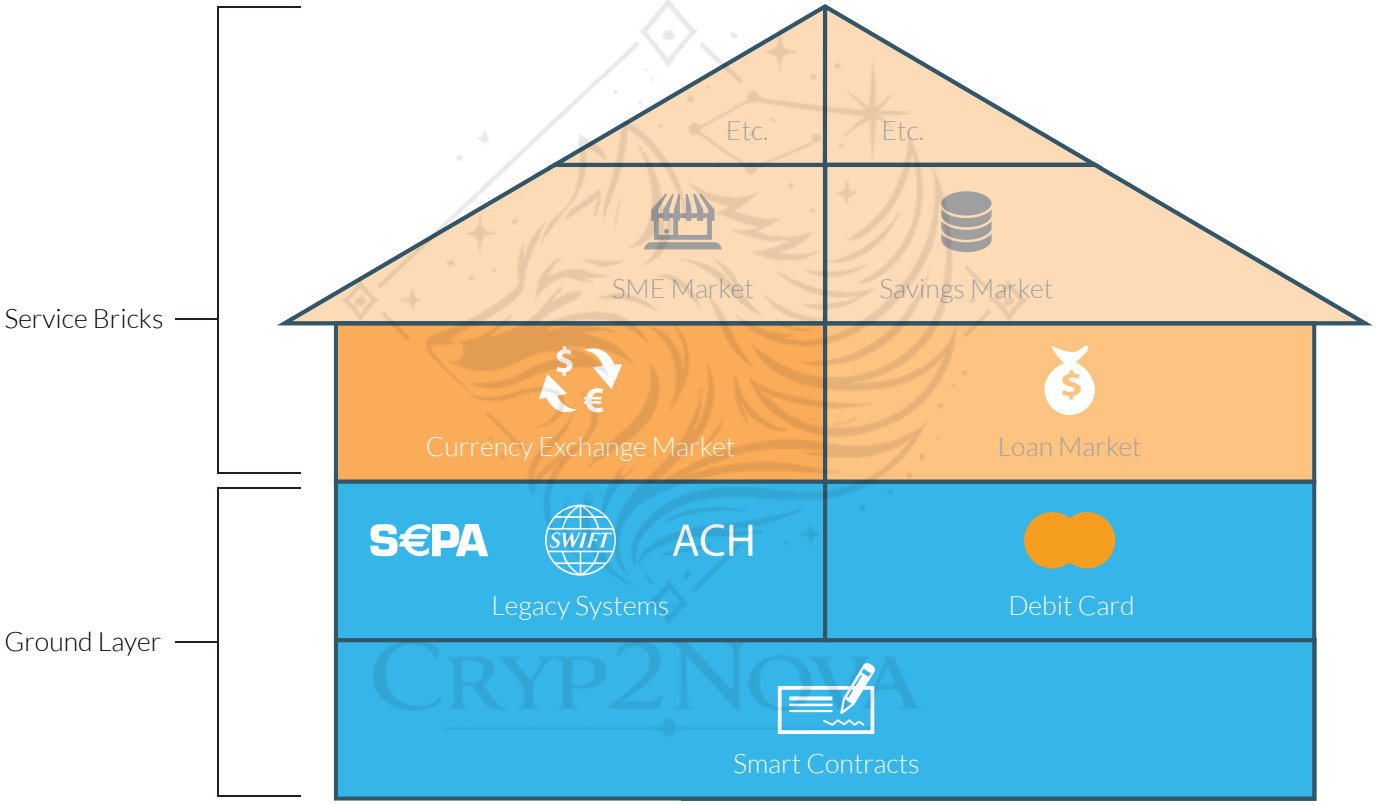
4.2 Open and Modular Banking Platform

4.2.1 System Design

Behind the functionalities of our platform and their benefits, our core IT system running them is designed in a fully open and modular way. It ensures this way its evolvability and ease of access for third parties wishing to integrate it with their own services.

This modular design translates into intercommunicating software bricks built on top of each other that communicate via APIs, with each brick managing a specific micro-service or function.

We have already built a prototype of the ground layer of those bricks, which includes smart contracts and the bank account layer with its connection to legacy payment channels (SWIFT and SEPA). The currency exchange prototype has also been built as the first brick on top of the ground layer, with its market making function and connections with liquidity providers (brokers and a Swiss bank's FX aggregator tool connected to 16 liquidity providers in the course of negociation).



4.2.2 Business Advantages

The business purpose of our platform's technical design is to allow any third party financial service provider to join our environment to enrich it and benefit from it too. Any person with a technical background can build and add a new, complementary or even competing micro-service block to our ecosystem without having to deal with the financial part of Fintech (legal, compliance, relations with other financial institutions, etc.).

The incentive for such providers to join us is the ability to leverage in a short amount of time and without heavy investment an open source ground layer and API-based micro-service bricks that are working, stable, secure and already fulfilling all the legal compliance requirements they are subject to. In this way, service providers can focus on the financial and business aspects of the creation of competitive and innovative services without having to worry about the core technological part and the hassle of going through their own licensing / authorization processes.

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4.2.3 The Mt Pelerin Bridge Protocol

The Mt Pelerin Bridge Protocol is a framework designed to issue fully compliant security tokens, asset-backed tokens as well as fiat currency tokens. We have already open-sourced this protocol that constitutes a direct bridge to bring legacy financial instruments onto the blockchain efficiently and in full respect of regulatory requirements. The power and flexibility of this protocol are unprecedented.

The *Bridge Protocol* fully empowers the most ambitious aspect of the *Mt Pelerin* banking project, namely the tokenization of the entire bank's balance sheet. At the core of our revolutionary banking model, our protocol can be used by any developer to issue security tokens and tune them to the specific needs of the underlying financial asset and of its relevant jurisdiction. Thanks to our rules engine at the heart of today's most advanced compliance layer, it allows the on-chain issuance of any kind of securities, asset-backed and fiat tokens in compliance with the most strict regulations. It is important to note that the *Bridge Protocol* will be capable to aggregate the value of all the asset holdings of a customer, in order to determine transferability restrictions. It will therefore be a multi-asset protocol.

We are demonstrating our protocol's capabilities by tokenizing the very essence of our project, starting with the equity of *Mt Pelerin Group SA* in the form of the MPS tokens. This is a historical step not only for us, but for the whole community and we are proud to start our technological and compliance showcase with our very own fundamental asset.

As soon as relevant required licenses are obtained, we want to apply our *Bridge Protocol* to fiat currencies and tokenize CHF, EUR and many others as the first step towards the very first fully on-chain bank balance sheet. Being a Swiss bank at that future stage would mean that all our customers would benefit from the advantages of on-chain automation and of having fully programmable and compliant assets (share, loans, derivatives, etc.), yielding financial efficiency and liberty, together with complete peace of mind. The *Bridge Protocol* smart contracts are published on *GitHub*, and covers the following topics:

- The *Mt Pelerin Bridge Protocol* for compliant token lifecycle.
- *Mt Pelerin Group SA* MPS token specifically, as a first application of the *Bridge Protocol*.
- The MPS token sale contracts.

Any token issued through *Mt Pelerin Group SA* (as core assets or on behalf of clients) will derive from the *Mt Pelerin Bridge Token*, starting with the MPS token, following with fiat tokens, then gradually all other flavours of tokens on the Ethereum blockchain (for now, other technologies will follow).

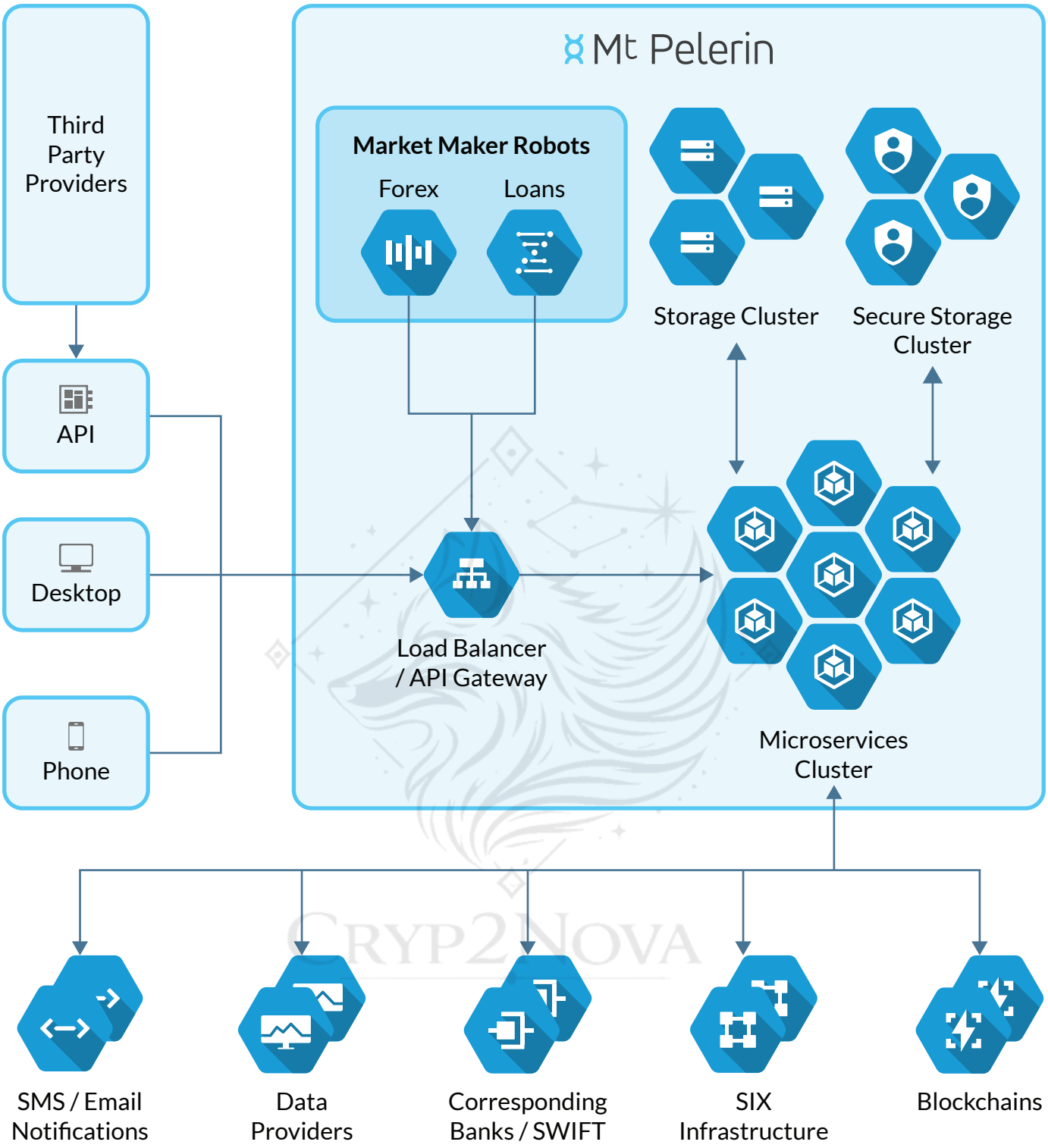
The published code is the most basic expression of the protocol, but it already allows to comply with current regulation elegantly and in a scalable manner. Future regulatory needs, but also future operational requirements of tokens can be met by plugging new rules and claims to any token that follows our protocol. Moreover, the *Bridge Protocol* has a strong focus on the lifecycle of the token, making it immediately lifetime-compliant. The *Bridge Protocol* currently supports:

- Several methods of voting, without the use of cumbersome proxy tokens.
- Dividend distribution, freezing of tokens (e.g. to facilitate swaps/upgrades).
- Seizing of assets (upon court ruling only).
- Conditional restriction of transferability on amounts (fixed and rolling period limits - AML pause thresholds).
- Conditional rights (to vote, to dividends, etc).
- Full support for KYC compliance and whitelisting.

Our wish is to create the standard that will help companies getting a headstart and benefit from the enormous potential of tokenized shares, without having to go down the long and costly road that we took ourselves to write History. In this respect, we plan to provide an all-in-one solution that will include smart contracts and template documents.

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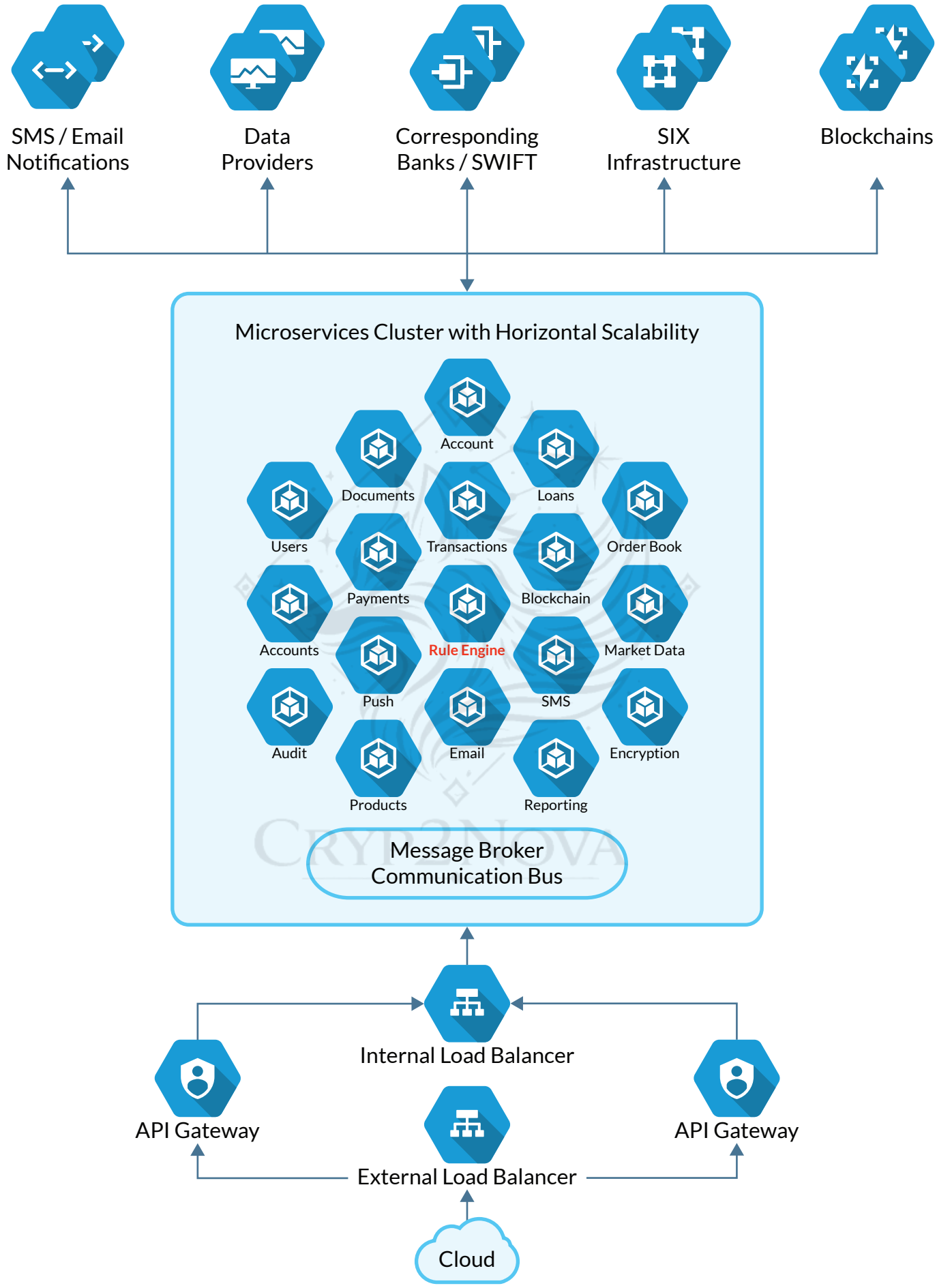
4.2.4 Overall IT Architecture Diagram



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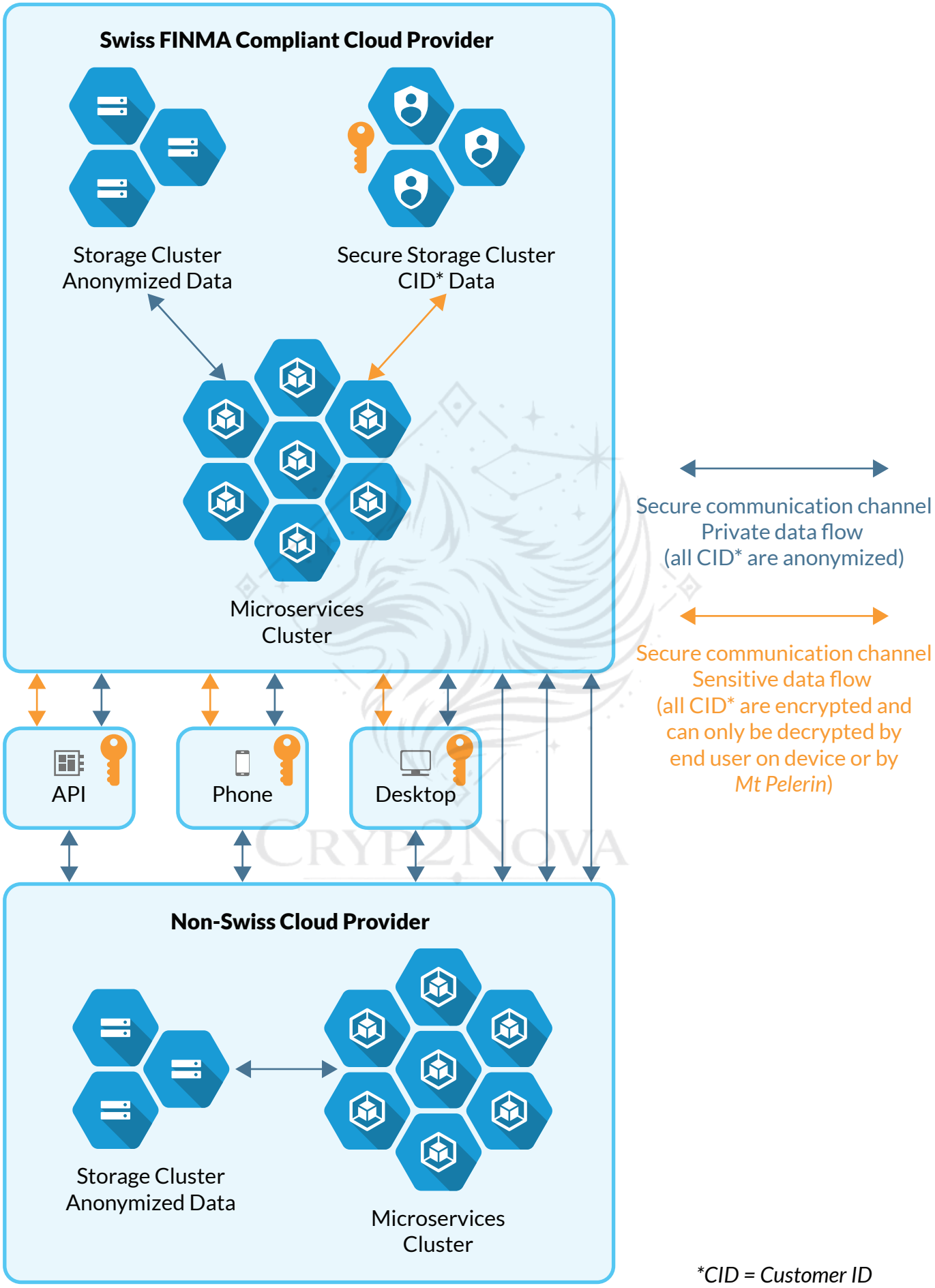
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4.2.5 Microservices Cluster Diagram



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4.2.6 Data Communication Flows Diagram



*CID = Customer ID

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4.3 User Experience

Because our ambition is to make all the benefits of the blockchain accessible to the public, we are designing a visually appealing, intuitive and user-friendly interface to access and enjoy all the services and functions of our platform.

Information will be presented and organized in the most straightforward way, with contextual display adapting to the current activity of the user.

This interface will also include an opt-in user directory, where people will be able to search and find other members for faster interactions. For instance, a member company will not have to systematically communicate its banking details to its customers when invoicing them. Those customers will simply type the name of that company in our search engine-style directory, and instantly be able to proceed to transactions without having to manually re-type IBAN numbers and such.

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4.4 Future Services

The features and services described in chapter 4.1 that we intend to develop constitute the core of our banking vision and value proposition. However, there are many other possibilities to expand this service offering, and here we present a non-exhaustive list of features and services that we deem worth developing in the future.

4.4.1 Merchant Acquiring Solutions

Whether as e-commerce or as retail, it is not a secret that being able to accept crypto payments is quickly becoming a must to satisfy a growing base of customers wishing to spend their cryptocurrencies. It would therefore make sense to offer such services to our future business account holders.

On the e-commerce side, offering modules for the most popular CMS (*Magento*, *Shopify*, *Prestashop*, etc) would certainly be a great convenience for such customers.

On the retail side, we could imagine developing or integrating a partner solution for accepting in-store fiat and crypto payments (POS and mobile POS solutions).

At the end of the day, we will provide a simple and fully integrated solution for merchants to accept both crypto and fiat payments from their customers.

4.4.2 Mobile ATM

In combination with the previous point about merchant acquiring solutions, offering a mobile ATM solution would be an obvious complementary service.

The idea is to develop or partner with an existing mobile-based solution that allows people to find other people or merchants near them that accept the exchange of fiat and cryptocurrencies directly, in other terms turn anyone into a walking ATM.

For the case of interactions between individuals and merchants, a discounts and cashback incentive system can be easily implemented with this kind of service. The advantage for merchants is also to have a better cash management by progressively reducing their cash during a day instead of having to take a large sum of cash to the bank at the end of a day. Cash management becomes an opportunity instead of a cost.

4.4.3 Private Banking Bridge

People who have accumulated significant fortunes in cryptocurrencies are now a new segment of customers for private banking, as their wealth like any other needs growth and management solutions.

We do not propose here to develop private banking solutions as it is not our core competency, however we can easily become an interface between those customers and private banking specialists. The latter usually lacks the knowledge of how to deal with this particular type of customers regarding the origin of their wealth and the related due diligence. As this is part of our core business, we could perfectly provide a commercial relationship bridge delivering to private banks customers who have already been background-checked and legally cleared.

4.4.4 Hardware Wallet

The necessity to provide an optional level of extra security for customers requesting better crypto storage and private keys control solutions will quickly arise. To answer it, we plan to offer a hardware wallet product in partnership with *Trezor* or *Ledger*.

A hardware wallet is a small piece of hardware where one can store crypto wallets private keys safely, as the device doesn't connect to any network and is designed to be isolated from a potentially unsafe computer on which it is connected.

The future use of such device will include the 2FA authentication to access *Mt Pelerin*'s e-banking platform from a web browser with end-to-end encryption with a key connected to the device (see diagram on page 33).

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4.5 Contingency Plan

The main condition to the execution of our project as it is described in this document is the granting of relevant licenses (banking, security dealer, etc.) in Switzerland. The three main points to address for this condition are:

1. The meeting of legal, organizational, human resources and infrastructure requirements. Then, the filing of application and the demonstration of compliance with such legal requirements to FINMA's satisfaction.
2. The raising of enough equity to constitute the minimum capital required by applicable legislation and regulation.
3. The demonstration of a profitable and sustainable business model (full reserve bank with profits from marketplace services in our case).

If for any reason the process of validating the criteria above was to take too long or become too complex to achieve in a satisfactory time frame, our project would not be compromised. The main alternative in such a case would be to shift to another jurisdiction with different requirements on blockchain and cryptocurrencies, and apply for a banking license there. For instance, such jurisdictions could be Luxembourg, Lichtenstein or Singapore.

However, it is important to note that we have carefully packaged our project to mitigate this risk as much as possible. Indeed, we are raising funds as most regulatory requirements have been checked and taken into account. Participants are therefore investing in a project with a good stage of regulatory readiness. Early investors are compensated with an attractive special equity pricing (low valuation for an upcoming bank), in order to offset additional perceived risks.

Moreover, independently from any banking service activity, we are developing to completion our leading-edge core banking "balance-sheet-on-chain" system. We believe that this platform will be an exceptional asset in itself that can be put to profit without a banking license in a multitude of ways.

Finally, the Swiss legislator is planning to release a new regulatory framework named Fintech license in Q1 2019 (not enforced today and subject to review). This could potentially enable us to kickstart our activities by being allowed to accept up to CHF 100 million of customers deposits (with 5% capital requirement) without any credit capability. We are currently investigating the pros and cons of this option, and whether it would allow *Mt Pelerin* to maintain its full independence and to be able to generate its own IBANs.

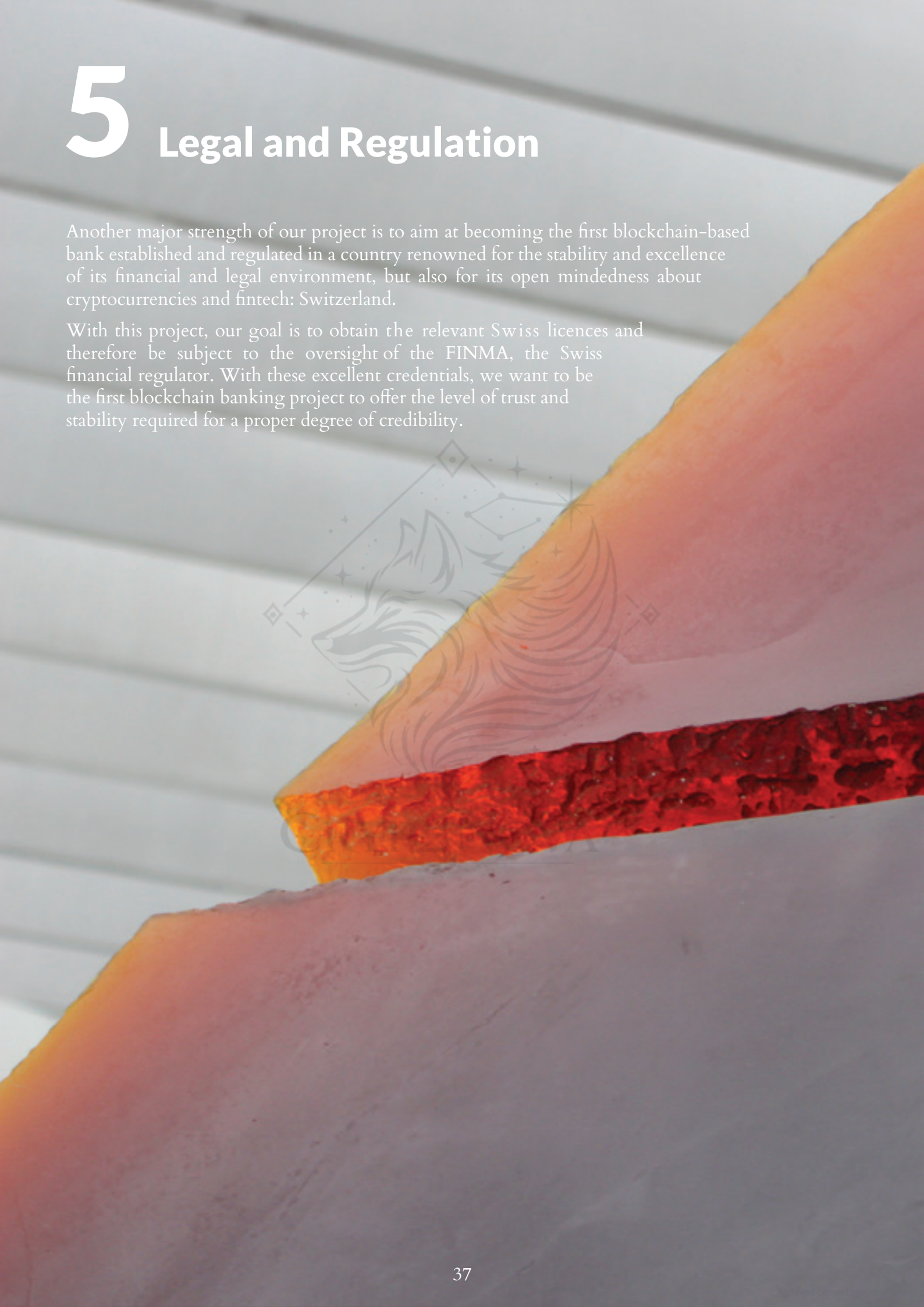
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5 Legal and Regulation

Another major strength of our project is to aim at becoming the first blockchain-based bank established and regulated in a country renowned for the stability and excellence of its financial and legal environment, but also for its open mindedness about cryptocurrencies and fintech: Switzerland.

With this project, our goal is to obtain the relevant Swiss licences and therefore be subject to the oversight of the FINMA, the Swiss financial regulator. With these excellent credentials, we want to be the first blockchain banking project to offer the level of trust and stability required for a proper degree of credibility.



5.1 Our Full Regulation Principle

Fintech is the future of finance. While many agree in principle, most companies bringing solutions are often not able to deliver or implement their technology due to regulatory requirements and constraints. Financial minima, compliance and KYC processes, management requisites are often obstacles that limit their creation and span of growth. These are some of the core issues that we have seen in recent ICOs that directly disqualify most players to proceed in any country with a strong financial background, while some of those issues also disqualify them in front on any serious investor.

Mt Pelerin opts for the sustainable route by planning to become a fully regulated bank, fulfilling the Swiss financial and compliance requirements on a basis that can allow a FinTech company like us to grow as fast as it needs to. By becoming a fully regulated bank, we would be at the forefront of most smart-contracts and blockchain based applications in finance, with a secure and legal background for legacy players to meet new players.

Because we are here to stay and because we want to play by the rules, we chose to tackle most of the legal questions and aspects of our project before raising funds. To do so, we not only had Mr. Besson, our team's VP Legal and Compliance (lawyer at the Geneva Bar and former legal consultant at KPMG), manage our regulatory research since May 2017, but we have also been working with renowned Swiss law firms to advise and help us tailor our project in compliance with the FINMA's regulation and expectations.

More specifically, our research led us to the conclusion that using utility tokens to raise funds like many other projects do is doomed to fail in the perspective of obtaining a banking license in any reputable jurisdiction. Indeed, it is clear that a utility token (considered as debt) is incompatible as a mean to constitute the required capital of a bank.

Thanks to those efforts, the project and funding model that we bring to investors today are following the FINMA guidelines as strictly as possible. Even if we cannot assume the final decision of FINMA and no guarantee can be made at this stage, we have carried out the most thorough analysis of legal obstacles.

5.2 Regulatory Advantage

Regulations are not here to harm business but to protect clients and provide security to the financial markets as well as the economy. Contrary to intuition, regulations are perfectly applicable in their essence to the concept of blockchain (that ultimately brings more transparency), tokenization (that brings more liquidity) and smart contracts (that bring more automation, flexibility and security).

With the goal of becoming the first fully regulated bank based on blockchain and its related technologies, we also want to be the first and only blockchain-based actor able to work with existing institutions and provide them with a bridge to those technologies. With a growing worldwide demand for financial technology and services, we would also be the first gateway between this emerging market and the old-world banking one.

We work to become a solid and trustful institution, and to become a worldwide reference in crypto and tokenization. We want to be the backbone in these domains for traditional banks, on which they will rely for compliance, technology and market expertise.

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5.3 KYC

As we would be the legal custodian of the real assets issued on blockchain, we would bear the legal responsibility to ensure laws and regulations are respected on our platform. The first aspect of this responsibility is the obligation to have a KYC (Know Your Customer) process.

At *Mt Pelerin*, our KYC process will consist in two sides. The first one will be to properly identify new customers according to legal requirements before they can access and use our platform and services. The second one will be to link real-world identities to external crypto wallet addresses with which *Mt Pelerin* users are transacting. To perform this process, we have developed our own onboarding system, but later on we also plan to delegate it to qualified financial intermediaries in Switzerland officially allowed to do KYC in compliance with AML and CDB regulations. Later on, we hope to expand the KYC delegation to similar official entities in other countries.

5.4 Compliance Oracle

Another central element of our platform's legal compliance is the implementation of AML (Anti Money Laundering) rules. To do so, we will use our upcoming *Compliance Oracle*, a rule engine that checks each transaction, makes sure it is operated within the limits defined by AML and then approves them, rejects them or pass them over to manual processing. The fundamental principle of the *Compliance Oracle* is to ensure that the blockchain part of *Mt Pelerin*'s offers is under control and monitored, as it is able to restrain on-chain transferability according to a set of rules defined for each type of asset issued on chain. More specifically, it links identities with blockchain addresses, which lets us perform KYC duties, and it enforces restrictions according to rules respecting AML thresholds.

5.5 Legal Entity

Our project is currently incorporated in Geneva, Switzerland, as the following legal entity:

Mt Pelerin Group SA

Equity: CHF 100,000

Address: Place de la Fusterie 5BIS, 1204 Geneva

Swiss Federal Number: CH-188.552.084

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6 Financials

6.1 Our Revenue Model

The revenues of *Mt Pelerin* will be directly based on the services provided. Most banks depend on a combination of fees and rewards on the risks they take with investments using deposited money. But to generate those revenues, banks also engage significant human resource costs for the consulting and services linked to those investments.

At *Mt Pelerin*, all services will be digitalized and automated, and therefore their operational costs will be particularly low. As a result, we chose a very simple revenue model: for every marketplace transaction, we charge a fee or commission slightly higher than our costs.

The exact fee structure will vary from service to service depending on its nature, but the overall principle is set and the result will be services that are significantly cheaper than traditional banks. For example, our typical currency exchange fees will be between 0 and 0.25%.

6.2 Financial Projections

Financial forecasts being uncertain we cannot present in a legally binding document facts or figures that we cannot commit on.

However, should you be interested to review our figures, we have a complete financial white paper that details all the risks that the future bank is willing to take and how it intends to mitigate them. It is available upon request for strategic investors under strict confidentiality.

Be aware that such document is not binding and is not part of the prospectus or the documentation related thereto.

To request it, please write at wp@mtpelerin.com.

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7 Project Funding



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7.1 Seed Round and the MPS Token

Unlike most of new companies seeking initial funding privately with venture capital firms or angel investors, we wanted to make a demonstration of what tokenization can achieve by going to the public first. Leveraging the tokenization technology that we developed, we incorporated 100% of the share-equity of Mt Pelerin Group SA into a token, the MPS, that is fully equivalent to a share and indissociable from it.

With the MPS token, we were able to address the public directly, and invite them to join and support our journey by becoming shareholders. We attracted hundreds of individual investors from all over the world who were able to take a participation in a new company without a single intermediary involved in the process.

As a result, on December 15th 2018 we sold out the 5% of equity that were available for sale and raised about CHF 2,000,000, an amount that is used to finance the team and the project's development until the main funding round.

7.2 Main Funding Round

In order to apply to relevant licenses in Switzerland, sufficient funding must be secured beforehand. In Switzerland, the minimum capital that needs to be collected is determined on a case-by-case basis by the FINMA, the Swiss financial regulator. The minimum capital stated in the law to become a bank is CHF 10 million, however during the last decades a banking license has never been granted for a capital below CHF 20 million.

For Mt Pelerin, this amount has been established at CHF 30 million, which includes a minimum capital of CHF 20 million plus a CHF 10 million provision that will cover the operational costs required to run the bank with at least 12 full-time employees for a duration of 3 years.

To raise this amount, we are now collecting pledges from strategic investors to be able to submit a banking license application. Pledged investments will only need to be paid in case of an approved application.

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8 Our Team



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8.1 Core Team



Arnaud Salomon, *Founder and CEO*

Arnaud grew up in many countries around the world, before moving to Switzerland to study at the EPFL. He holds a Master in Engineering from there and did his thesis at UBS Investment Bank in Zurich, after which he worked as a commodity and FX trader in Geneva. Arnaud is an early Bitcoin adopter and founded Smart Execution SA in 2015 as a blockchain expert tech venture and evangelist.



Reynald Besson, *VP Legal and Compliance*

Reynald has deep knowledge and solid experience in legal and compliance as he worked at KPMG in the corporate and tax department and at two different law firms. Very enthusiastic about entrepreneurship and innovation, Reynald is also the co-founder of an international luxury eyewear brand. He holds a Master in Law from Fribourg University and passed his examination at Geneva's bar.



Jingyao Jin, *COO*

Jingyao is a generalist and has a solid background in finance and banking. Prior to *Mt Pelerin*, Jingyao worked as an alternative investment manager and conducted due diligence efforts on various hedge fund strategies. She holds a Master in financial engineering and risk management as well as a Bachelor in Economics from HEC Lausanne. Jingyao is also a Chartered Financial Analyst.



Yann Gerardi, *VP Marketing*

A graduate from HEC Lausanne, Yann dedicates his skills in marketing and communication, his creativity and his energy to convey the vision and ambition of *Mt Pelerin* on all media. With a strong marketing experience in a large international company and several years as an entrepreneur in e-commerce, he has a multidisciplinary approach to marketing with a focus on growth and business results.



Sébastien Krafft, *VP Engineering*

Sébastien is the lead engineer of Mt Pelerin and brings game-changing ideas and technological advice. He has graduated in computer sciences from the prestigious Mines ParisTech Grande École, and has been working for more than 15 years as an IT consultant and software engineer in the banking and finance industry.



Thomas Swiejkowski, *IT Manager*

A telecom engineer from INSA Lyon in France, Thomas began his career as a developer and project manager at Atos Worldline, before joining the Swiss IT consulting Serial where he spent most of his years working on banking IT projects. In total, he has more than 10 years experience working on IT projects.

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David Llobet-Calaf, *VP Trade Finance*

David began his career as an analyst for a Swiss private intelligence company before switching to commodities trading at Noble Group. Before joining Mt Pelerin, he started the Edibles Oils desk at ICAP where he developed from scratch transaction flows of circa 1 billion USD per year, including most of their financing.

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8.3 Advisory Board

The advisors we introduce here have given their consent to be listed as such and are fully involved in coaching the *Mt Pelerin* project.

We are of course working on bringing more strategic advisors on board, and we will announce them on a rolling basis as they are confirmed.



Dr. Jürg Konzett, *Founder & Head of the Zürich MoneyMuseum, Founder of the Sunflower Foundation*

Jürg is an independent financial consultant since 1990. Previously, he worked as a financial analyst at Citibank and as a member of the executive board of the Dow Banking Corporation in Zurich then at the Bank Cantrade. Jürg founded the MoneyMuseum in 1998 as an expression of his desire to make the broader public aware of the history of money and founded the Sunflower Foundation in 1999 as the supporting trust of the MoneyMuseum. At present, the Sunflower Foundation funds the first research grant for Monetary Theory.



Dr. Michael Stumm, *Professor at University of Toronto, Co-Founder & Former President of Oanda*

Michael is a teacher, researcher, entrepreneur and executive. He is a computer engineering professor at the University of Toronto. He has published over 100 papers in top-tier conference proceedings and scientific journals; he holds 10 patents. Michael co-founded a number of startups, including OANDA Corp. where he was CTO then ran the company for over 10 years. He has been a technical advisor to the Monetary Authority of Singapore and a consultant to a number of companies. Michael received a Bachelor in Science Degree in Mathematics and a Ph.D. in Computer Science from the University of Zurich, Switzerland.



Marc Fleury, *Founder of JBoss, ex-Senior Vice President at Red Hat*

Marc was born in Paris, France, where he earned his Ph.D. in Theoretical Physics from France's prestigious École Polytechnique for his work done as a visiting scientist at the Massachusetts Institute of Technology. He also served as a Lieutenant in France's 17th Parachute Engineer Regiment during his military service.

He began his career at Sun Microsystems, where he became one of the early Java evangelists and developed an interest in Internet infrastructure. As a result, he wrote an important chapter of open source's history when he disrupted the enterprise software industry with the creation of JBoss, an application server. At a time when open source was viewed as a dead end by most of the heavyweights of the industry, Marc built JBoss as one of the very first sustainable open source business models and turned it into a commercial success in a very short amount of time. As CEO of JBoss, Marc raised $10 million in venture capital in 2004, and sold JBoss to Red Hat for $350 million in April 2006.

After overseeing the transition of his company as Red Hat's Senior Vice President and General Manager, Marc retired and went back to research in his domains of interest, including physics, biology, banking theory and modern monetary theory (MMT).

In 2018, after a decade invested in his intellectual pursuits, Marc is back to active business life with his newly founded FreeSide Funds. In this new capacity of advisor, Marc will be supporting Mt Pelerin with an invaluable business acumen and technological experience, and a philosophical guidance on the project's values and vision.

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Marc Bettinger, *Director at Forctis.io & Altcoin Veteran*

Marc began his 20-year banking career in his native Germany. Immersed in the blockchain sector since its early days, he built an enviable track record in that space. Marc was CRO at Julius Baer Private Bank until 2017 and previously AVP for Credit Risk Modeling at Credit Suisse, in both cases based in Zurich.

In 2013 he created the "Der Altcoinspekulant" blog as one of the pioneering sites dedicated to alternative crypto investments, establishing itself as a prime source of information and analysis. It gained a remarkable reputation during his time at the helm. Marc has also been co-host of the Altcoin-Meetup Switzerland and initiated the "Altcoin Switzerland" social media channel, a unique source of news, expert analysis and discussions about that space.

He is a Banking Economist from the Frankfurt School of Finance & Management and a Certified International Investment Analyst (CIIA) from the Swiss Financial Analysts Association (SFAA).



Kevin Gaedecke, *Former senior management at Barclays Private Bank and CS Investment Bank*

Kevin is a Swiss citizen with a 28-years experience in the banking industry. A Chartered European Financial Analyst & Chartered Financial Risk Manager, he started his carrier in 1991 in a hedge fund in New York. He then spent 20 years at the investment bank of Credit Suisse (in London, Zurich and Geneva), first as a proprietary trader on interest rate options and then in various senior executive roles, before serving as head of the Geneva office's capital markets activities. As such, he was also member of the Credit Suisse Geneva Board. Until recently, he was in charge of investments at Barclays Private Bank Switzerland, as well as a board member of its pension fund and a member of the senior management.



Paul Wang, *Cybersecurity Advocate*

Paul is a cybersecurity advocate specialized in investigation, disputes, infoSec and risk compliance. With more than 20 years of experience in Big 4 firms, he helps organizations addressing cyber risks. Previously, he was a partner heading Forensic Technology Switzerland and regional head of Fraud Investigation & Dispute Services at Ernst & Young. Graduated from EPFL, an active (ISC)2 and ISACA member, Paul teaches a Master in Economic Crime Investigation.



Eric Berling, *CFO at Hinduja Bank*

Eric has a broad finance and fiscal experience from his 15 years as the CFO for various divisions of the Société Générale bank. He has also contributed to the launch of the bank's Geneva M&R financial institution, and also served as the head of the Société Générale Private Bank's Lausanne branch. He is now the CFO of the Swiss private bank Hinduja Bank in Geneva. Since 2018, he is also the director of an MBA program at the ESLSCA business school in Paris.



Alexandre Kozma, *Vice President Senior Bonds Portofolio Manager at Banque Pictet & Cie*

Alexandre has a background in engineering and has over ten years of portfolio management experience at various banking institutions. For *Mt Pelerin*, Alexandre has brought key staff members, strategic investors and valuable partners to the project.

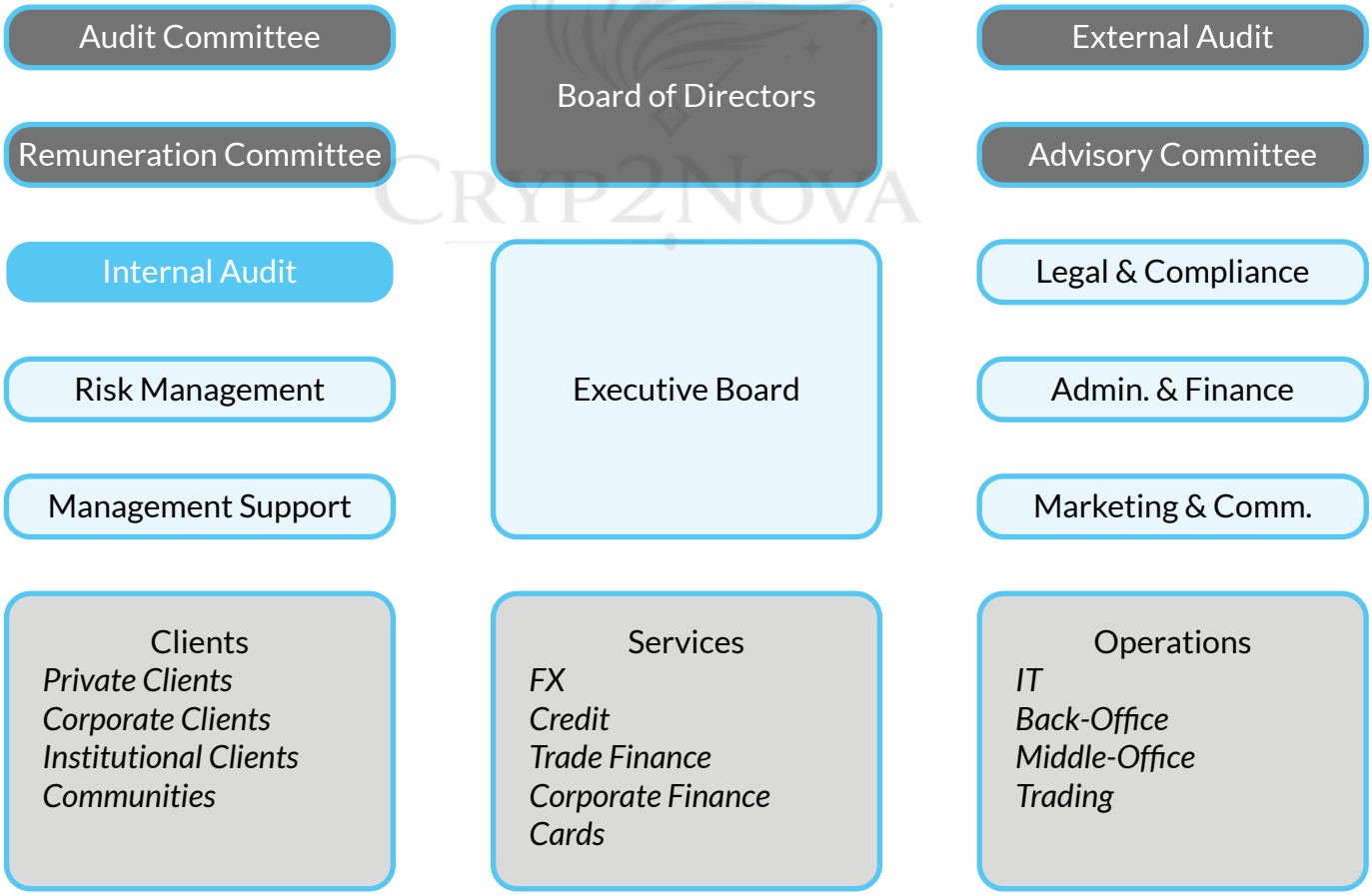
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8.4 Team Development Plan

The *Mt Pelerin* project is an ambitious and complex one that will require many talented experts and professionals to get off the ground. The team members who have been introduced in the previous pages represent the core talents that have designed this project, and they will be the heads of team that will be rapidly created in each function according to this action plan:



8.5 Organizational Chart



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9 Conclusion

We are thoroughly preparing the technical and legal fundamentals to turn *Mt Pelerin* into a fully licensed Swiss bank, a next generation institution that welcomes cryptocurrencies and establishes asset tokenization as a new standard. With your help, our vision of exceptional financial freedom will become a reality for our customers with transparent and cost-effective services.

Mt Pelerin is looking forward to opening its system to financial partners all around the world, and pioneering a tokenized marketplace of unprecedented scope. We will build a bridge towards the future of banking, and make it accessible to everyone.

We are approaching a tipping point in the finance industry. *Mt Pelerin* is in a unique first mover position, and you have a rare chance to play a key role in the History of banking

Join our revolution today !



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External Links

Website:	www.mtpelerin.com
Github:	www.github.com/mtpelerin
Telegram Chat:	www.t.me/mtpelerinchat
Telegram ANN:	www.t.me/mtpelerin
Facebook:	www.facebook.com/mtpelerin
Twitter:	www.twitter.com/mtpelerin
Reddit:	www.reddit.com/r/MtPelerin/
Medium:	www.medium.com/@mtpelerin
Instagram:	www.instagram.com/mtpelerin
YouTube:	www.goo.gl/LvXPKh
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More about the Mont Pelerin Society:	**www.**wikipedia.org/wiki/Mont_Pelerin_Society

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