

HIMALAYA CAPITAL EXCHANGE

LITEPAPER
1ST JAN 2019

UNSTOPPABLE CAPITAL ON SMART CONTRACTS

"nequit contrahere dolor capit is est"

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WHO ARE WE? WHAT IS HCX?

A PEER-TO-PEER ALTERNATIVE TO IPOS WITHOUT THE TRADITIONAL STOCK EXCHANGES OR THE INVESTMENT BANKS

Himalaya Capital exchange was established with one goal in mind. We wanted to introduce a revolutionary approach to raise capital! We want to facilitate an easier and a transparent way to raising capital for every humble, risk-loving entrepreneur spread around the world!

HCX is a technology platform that creates an ecosystem between entrepreneurs and investors for raising capital through publicly issued securities, taking advantage of smart contracts and blockchain.

Who is it for?

Issuers: Entrepreneurs and companies, SMEs and other entitites wanting to raise capital.

Investors: Every retail and institutional investor around the world.

We also intend on having third party developers as ancillary service providers to capital markets.

THE PROBLEM

What are we trying to solve?

"THE WALL STREET INSTITUTIONS ARE TRUSTED TO MAINTAIN THE STABILITY AND INTEGRITY OF THE GLOBAL ECONOMY, BUT THE HISTORY OF ECONOMIC CRISES, MARKET CRASHES AND ENSUING LONG CYCLES OF DEPRESSION SUCH AS POST 2008, IS FULL OF BREACHES OF THAT TRUST.."

- Arifa Khan

Intermediaries came into existence to facilitate business transactions and create trust between parties that didn't know each other. They helped companies and other entities go public so that they could raise capital. This was done by allowing the companies to undertake an Initial Public Offering in which shares of a company are sold to institutional investors and sometimes also retail(individual) investors.

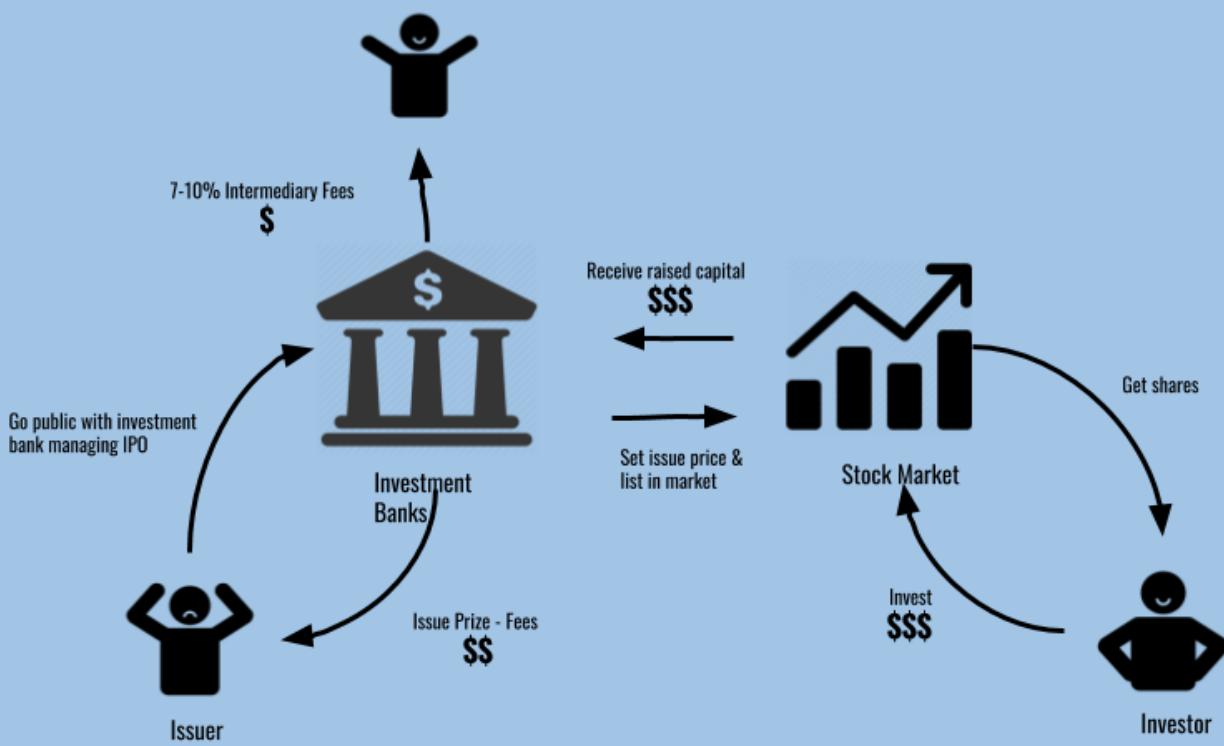
But lately these intermediaries have become profit-maximizing players who do not seem to be aligned with client interests as many IPO Frauds and Opaque IPO allocations prove.

THE PROBLEM

What's wrong with the current IPO process?

The investment banks that hold the IPO are not interested in maximizing client value, but their own. Both investors and issuers suffer from investment banks charging hefty intermediary fees (7-10%).

These banks keep their processes opaque in order to squeeze more profits from both issuers & investors.



THE PROBLEM

What's wrong with the current IPO process

"COMPANIES AND INVESTORS LOSE OUT WHEN BUSINESSES FLOAT ON THE STOCK MARKET BECAUSE BANKS AND OTHER ADVISERS ARE CHARGING EXTRA ORDINARY FEES"

- OECD, 30TH MAY 2017

While determining the issue listing price, investment banks often tend to under price the issue because the stock price appreciation upon listing benefits the favored clients of the banks who get pre-allocation.

Also issuers don't have any control over which investors get allocations of the shares of their company due to intermediaries having complete control over the rules.

Leaving out all the issues caused by the intermediaries we still have problems regarding foreign exchange and country regulations. International capital mobility is seriously affected due to countries having strict foreign exchange management rules and other regulations.

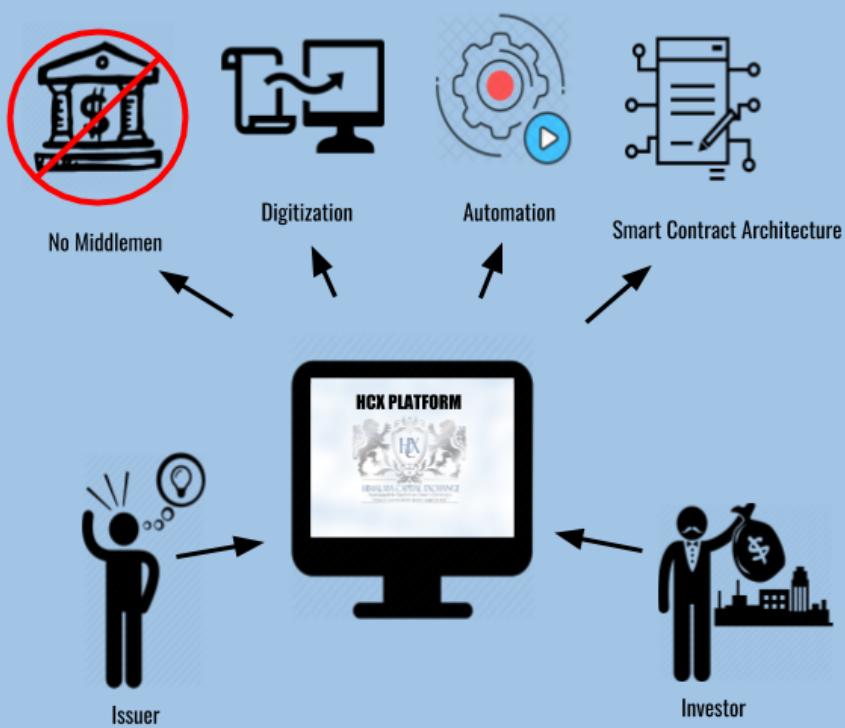
There seems to be a big conflict of interest. These intermediaries want to grow at any cost, even if it means harm to their own clients.

OUR SOLUTION

A global, borderless platform

DECENTRALIZED CAPITAL MARKET FOR DIGITALLY ASSETS

As of now both investors & issuers are forced to follow the traditional processes due to lack of alternatives. We intend on changing that. We want to empower every humble entrepreneur spread around the nook and corner of the world.
We propose a tokenized platform for Initial Public Offerings on a global, border-less, stock exchange.



OUR SOLUTION

The benefits of our proposed solution

- A global trust-less platform for investors and capital seekers to transact directly.
- Reconciliations are not required between parties on blockchain based solution.
- Disintermediation of investment banks thus saving on advisory fees for manual processes that a smart contract platform can deliver much more efficiently.
- A potential platform where asset managers and other intermediaries can build applications and provide ancillary services on top of our core protocol.
- Digitization - Physical documents are replaced with fully digitized "smart securities".
- Automation - Smart contracts facilitate auto-execution of the terms and conditions without manual intervention.



OUR VISION

OUR VISION IS UNSTOPPABLE CAPITAL!

A GLOBAL BORDER-LESS MARKETPLACE FOR CAPITAL!

COME CREATE HISTORY WITH US!

We want to give the power back to both investors and issuers & give more chances to risk-loving entrepreneurs from across the world to attract funding based on the merits of the company and their business plan and not other political factors that the current global capital markets follow.

We don't believe in seeking Private Consortia, alliances with big enterprises and big brands. This is how we distinguish ourselves from the typical Wolf of Wall Street, with our mission.

HCX aims to build a Crypto economic network/platform to combine the best features of the first two internet eras: community-governed, decentralized networks that put the power back in the hands of the people.

HCX TOKEN VS CCX TOKEN

We will have two tokens:



HCX token is an access token to our platform which is sold to subscribers during ICO and doesn't have any relationship with nor exchangeable with any security tokens that may be traded on our platform in the future. They are pure utility tokens. HCX token will allow us to raise funds for the development of our platform. It will be listed on popular crypto exchanges, post our ICO.



CCX token is a native payment token that will act as digital currency for use within our platform. It will be pegged to a fiat currency (or a basket) and will be easily exchangeable with other fiat and cryptocurrencies. This is the token the investors would use to invest in issuer's security tokens issued during the issuer's Initial Security Token Offering held on our platform.

SYSTEM ARCHITECTURE & FUNCTIONALITY

Initial Security Token Offering (ISTO)

Issuers be able to raise capital through the means of an ISTO held on our platform. Digital assets will be issued in an ISTO.

Investors will be able to invest by the use of CCX to purchase the security tokens issued. Issuers will receive their funds in the form of CCX which will can be exchanged for fiat money or other crypto assets at our crypto exchange.

Smart Contract architecture for transactions

Blockchain technology will be used to create the digital assets that will be issued in an ISTO. Transactions involving the digital assets will be governed by smart contract architecture.

Smart contracts will allow the performance of credible transactions without the involvement of third parties. These are stored on the blockchain and not controlled by anyone, therefore can be trusted by everyone.

Post-issuance servicing like dividend distribution, performance reporting, shareholder voting can be efficiently done by smart contracts.

SYSTEM ARCHITECTURE & FUNCTIONALITY

What are security tokens in an ISTO?

Security tokens are similar to real world securities like shares and bonds. These do not act as a digital copy or a "proxy" for real world securities but are self-sufficient digital assets.

An ISTO allows entities to issue these tokens (analogous to IPO allowing entities to issue shares). As these tokens are deemed a security, they are subject to federal securities and regulations.

How is an ISTO different from an ICO?

ICOs are held by crypto and blockchain based companies to issue utility tokens which give access to products/services offered by the company. Companies might specifically define these tokens to mimic real life securities. The issue price of tokens are decided by the company itself. There is no one controlling quality and there are no disclosure norms.

ISTO allows companies from every industry and geography to issue security tokens. These companies do not need to adopt blockchain technology to issue these tokens. These security tokens represent true ownership of company assets. Issue price is guided by algorithms on our platform but still completely controllable. Quality of issuers and their curation is done by HCX token holders (people using our platform) themselves. This helps solve the information asymmetry problems without the involvement of investment banks. Disclosure norms are as per securities laws.

SYSTEM ARCHITECTURE & FUNCTIONALITY

Trade of security tokens

In the 1st phase of our roll out we are going to tie up partnerships with securities complaint crypto exchanges to list and trade the security tokens issued in ISTOs. We already have a security complaint exchange Lykke AG (Based in Switzerland) who has agreed to partner with us. We are already in discussions with several such exchanges across multiple jurisdictions.

We will also endeavor to create our own secondary trading platform under the HCX banner in the 2nd phase of our roll out.

Other features & functionalities

We will also have a module for Initial Bond Token Offering (IBTO) which will allow entities to issue bonds on the HCX platform.

There will also be a Syndicated Loans Module where a syndicate of lenders will be able to easily coordinate through smart contracts the credit approval decisions, allocations, distribution of interest, covenant setting, penalties and other automated actions that will follow breach of covenants and an event of default.

SYSTEM ARCHITECTURE & FUNCTIONALITY

Three fundamental systems

Pre-Issuance Securities - A mesh of smart contract and non-blockchain software algorithm modules for tasks such as book building, auctions, share allotment.

Securities Issuance - Issuing and listing of digital securities and a smart contract system that exchanges digital money with digital security .

Post-Issuance Securities Servicing - Also a mesh of smart contract and non-blockchain software algorithm modules for performing dividend distribution, performance reporting etc.

Scalability Issue

At the moment, Ethereum can handle approximately 20 transactions per second, which pales in comparison to Visa's rate of 24,000 transactions per second.

It is expected that in the coming year, second layer protocols will be mature enough to remedy this scalability issue.

In the mean time, we aim to build out and launch the platform for issuance as speed is immaterial for ISTITOs and is crucial only for secondary trading. By the time we roll out phase 2, efficient decentralized protocols should be available in the market.

SYSTEM ARCHITECTURE & FUNCTIONALITY

- An exchange platform for crypto-fiat conversion
- Pegged coin (native currency) different from the utility token issued to ICO subscribers
- A smart contract platform for holding Initial Security Token Offering. It will be different compared to an ICO platform as it needs to comply with securities laws across jurisdictions
- A smart contract platform for post-issuance security servicing
- Algorithms that will replicate the process of order book building & help with deciding the listing price
- An exchange platform for listing tokenised securities
- Governance Mechanism of Issuers (Participants, Decision Making, Voting, Punishing bad behaviour and Incentivising good behaviour)
- A system for voting of shareholders
- A KYC system for validating & white listing users
- Anti money laundering system
- A wallet functionality

OUR COMMUNITY BUILDING INITIATIVES



Community Leads all over the world

Our founder has generated a lot of enthusiasm in countries around the world and mobilized regional representatives to steer their local communities to this platform.

Beta Sign Up

We will have a beta sign up website which will sign up companies around the world who will wait to go on the platform when it is ready.



ICOs to ISTOs

We will undertake wide promotional activities to target successfully concluded ICOs to consider listing their security tokens on our platform, as a natural progression of their crypto journeys.



Token Air Drop

We will do a token airdrop around the world, targeting countries with large concentrations of SMEs. Our aim will be to distribute this to the average joe, who has never heard of blockchain. These tokens would be their first access to the crypto world. Ours is the very first token targeting main stream audiences, industries & investors.

HCX community

HCX Token holders will generate word of mouth promotion of our platform and act as regional growth hackers in their regions.



TOKEN DISTRIBUTION

We will have 500 million tokens in total. Tokens would be sold for upwards of USD 12.5 cents in pre-sale and public token sale will start at 20 cents for the first month with 5% monthly inflation for the first year.

Total Value in Pre - Sale

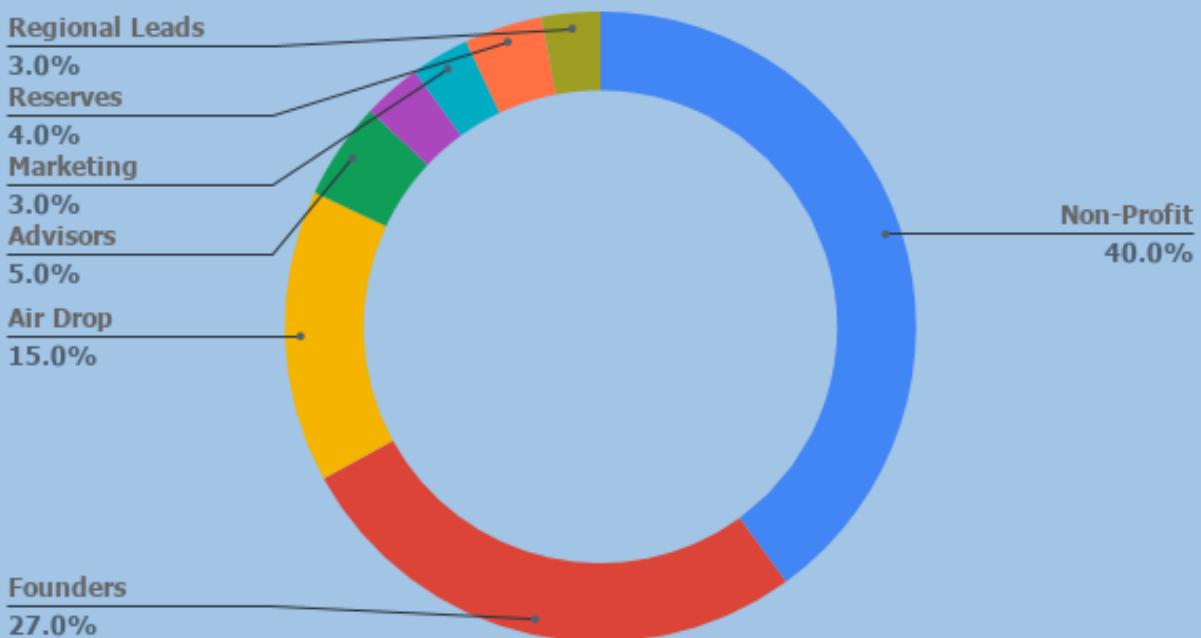
40 Million tokens @ upwards of USD12.5 cents = 5 Million USD plus

Total Value in Public Token Sale (1 Year)

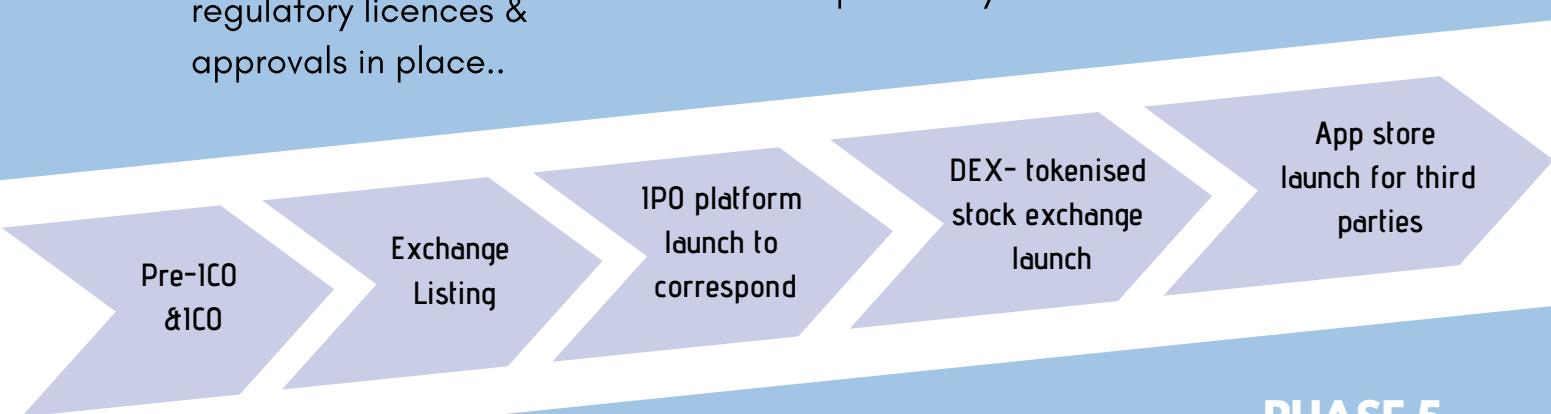
25 Million tokens every month starting at USD 20 cents per token for 1st month, 5% inflation per month = USD 79.61 Million

160 Million Non ICO Token Distribution

Token Distribution - non ICO



ROADMAP



PHASE 1

Completion of Pre-ICO Feb. 2019 (for anywhere upwards of \$1-\$5 million:
Completion of ICO expected by Sept.2019)

PHASE 2

Building of Tokenised IPO Platform – Beta expected by June 2019 with regulatory licences & approvals in place..

PHASE 4

Defining and disseminating universal standards on financial smart contracts & trust-minimization in securities industry – expected by end 2019

PHASE 3

Building of a scalable Decentralized Exchange for trading of tokenised stocks & securities issued on our platform. Beta expected in 2019

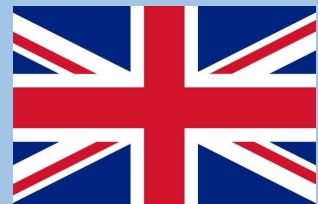
PHASE 5

Building a full-fledged marketplace for securities & ancillary services like due diligence reports by third parties

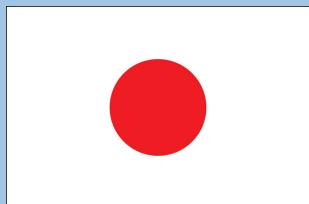
GLOBAL OUTREACH



Switzerland



United Kingdom



Japan



India



South Korea



Germany



Hong Kong



Singapore

MEET THE TEAM

H CX team is comprised of highly experienced professionals, each of whom possess significant expertise in Investment Banking, Capital Markets, Online Social Networks, Big Data, Econometrics, Bayesian Statistics, Artificial Intelligence, Robotics, and Machine learning.



Arifa Khan
CEO, HCX

She authored the first ever concept paper on decentralizing capital markets & is the inventor of security tokens. Founded HCX in 2017 to empower entrepreneurs to issue their own security tokens. She is India Partner of the Ethereum Foundation and leads Etherium community development in India & Middle East.

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MASTER OF MANAGEMENT



MARKETING &
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MASTERS
MARKETING



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STRAT. MGMT



ADVISERS



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VALUATION SPECIALIST

Worked for 20 years in the field of financial analysis and is dedicated to the advancement of financial transparency, inclusion and efficiency. He is the owner & managing director of Ariadne Business Analytics. He is the founding partner of IRIS, now part of FRS Global, and father of one of the world's leading financial analysis systems Riskpro. This system now runs in more than 200 banks in about 20 countries.

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Ph.D
Mgmt. Information Systems



MBA
Finance



B.Tech
Mech. Eng.

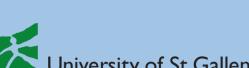


Arun Sharma
AI EXPERT

Deputy Vice-Chancellor(Research & Commercialization) at Queensland University of Technology since June 2004. He has overseen over 3 fold increase in annual research funding - one of the fastest growths in research trajectory of any university in Australia. He is computer scientist by training with research interests in computational learning theory & foundations of AI.

Ph.D., CS

M.Sc., CS



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IT SOLUTIONS

Founded Herbert Sterchi GmbH, a leading services company for IT, crypto & blockchain based companies. Board member of many large & medium companies with various roles as managing director, COO & CFO. Operates foreign-based office for global businesses in Tokio, Los Angeles & Vienna. Lead companies from start-up to next stage growth & sale.

Established & successfully lead IT providers in DACH marketplace. Extensive knowledge of blockchain/ crypto start-up implementation & operations.

SUMMARY

- Capital markets are bloated with too many intermediaries, opaque processes, over-priced securities and consequent fat fees - resulting from old world processes.
- The high fees and costs impede factor mobility and productivity of capital.
- Investment banks consistently exhibit cartel behaviour and keep fees high, at the expense of the common man.
- The common man cannot enter this world due to high threshold costs, which rewards the incumbents only.
- Technology is now available and proven that solves this problem.
- There are no costs of entry into this new market, lending to fairer distribution of wealth creation ability.
- The project has been scoped out in detail and deliverable as described in the white paper by our founder Arifa Khan who was the inventor of this solution.
- This would be a game changer and would upend several industries (such as investment banks, wealth management, VC funds, online lending, government bond financing etc).
- This is the first crypto application that targets the common man and the entire economy touching world GDP; this is not just a tokenizable blockchain application (which is a small subset of global GDP).
- The trend from ICOs towards Security Tokens is imminent, so time is of the essence.
- First mover to establish basic infrastructure for ISTOs will have inordinate leverage and a long term advantage in this industry.
- This is a base infrastructure layer play (like ethereum) and a platform play, and would be the highest risk vs return payoff for crypto economy players, if successful.
- Understand this offer is furthering technological progress and beneficial for societal impact. No banks, and for-profit institutions would do this, because this is a public good which impacts any incumbents.
- The unique token model ensures that incentives of management team and subscribers are 100% aligned.

We require seed funding and support to create this enormous public good.

Come, let us create history together!

HIMALAYA CAPITAL EXCHANGE



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Unstoppable Capital on Smart Contracts
"nequit contrahere dolor capitis est"



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