cyber·Fund Placement

November 3, 2015

The Board of Directors at Bitcoin Block 381691
cyber·Fund

1. Entity

cyber•Fund is a private blockchain entity that was formed by Genesis Agreement.

2. Market

The existing blockchain economy is evaluated roughly at 20M bitcoins. We assume that market share of the blockchain investment services will reach up to 1/200 of the economy. There are no entities that focus their operating activities on blockchain investments nowadays. Thus, we estimate the market capitalization of that niche is at more than 100k bitcoins.

3. Offer

The purpose of placement is:

- To attract highly engaged investors interested in usage and development of the cyber•Fund services
- To prove viability of the business model
- To develop software and methodology necessary to make insightful decisions on blockchain investments

Volume: 3% of the tokens' supply or 30 000 CFUND tokens.
Minimum goal: 42 BTC. If goal is not reached, all investments will be returned.
Price per CFUND token: Total amount invested at the end of placement / 30000.
Minimal Investment: 1 BTC. All investment lower this limit will be considered as donations.
Timespan: The offering starts at 00:00 GMT 20. November 2015 and ends at 23:59 GMT 31. December 2015.

4. Business

During the next phase of development we are going to test the following sources of revenue:

- Subscriptions: Paid private accounts that are very similar to Github's accounts
- Transactional fees: Revenue sharing models with the bridges such as Shapeshift, Metaexchange, etc
- Referral programs: Embedded referral links to services from cyber•Fund pages of the blockchain systems

Proof-of-Revenue mechanism is defined in the Genesis Agreement.
Once a (1) centralized domain-based service is developed and (2) core audience is attracted we will focus on building a decentralized autonomous protocol for our services.

5. Allocation

Current monthly burn rate: 7 BTC.
Minimal costs (OPEX):

- Employees: 6 BTC (@21xhipster @cybermonetarist, @creat0r, @tomarcafe)
- Operations: 1 BTC (DigitalOcean, Slack, Google Apps, Segment and Intercom, etc)

If we attract more money than minimal amount needed the funds will be spent on attraction of the developers and testing of the marketing channels.

6. Deliverables

In 6 months at a current pace we will :
1. Build and test revenue channels
2. Deliver auto update of the balances for 95% of blockchains from Top-100
3. Deliver cyber•Fund APIs necessary for developers

4. Release paper on cyber•Rating
5. Release a proposal paper with a decentralized model and its implementation

7. Fund Management

The placement address is 3FvBgYaZV9347L863L4sQx75R6FQDReZKR.

The address is 2-of-3 multisig that is under control of the fund managers: Dima Starodubcev, Vitaly Lvov and Konstantin Lomashuk who execute transaction based on Board of Directors (BoD) decisions.

The fund managers are responsible to hedge against currency risks in order to be able to reach the project's deliverables.

8. Procedure

The most convenient way to invest is:
1. To create a wallet using Coinprism that is trustless and well tested
2. To backup the private keys
3. To send bitcoins anyone want to invest in cyber•Fund to his/her Coinprism address
4. To send bitcoins from Coinprism to the placement address, get confirmation from the Bitcoin network
5. In a day after the end of the placement the investors will receive cyber•Fund tokens directly to a Coinprism wallet

If investors for some reasons don't want to use a Coinprism wallet they could send a Bitcoin address for which they control a private key. That will enable an import of the private key into any wallet that supports Open Asset Protocol that is used to create CFUNDs. In case of sending funds from the exchanges or trusted bitcoin services that lock private keys such as Coinbase, Circle, Xapo, Uphold, BitStamp, Bitfinex, OkCoin etc. tokens will be send back to a user without a possibility to restore. We recommend this method only for the experienced users who know what they are doing.

The distribution of the cyber•Fund tokens will be calculated and published in a day after cyber•Fund placement is finished.

9. Risks

The cryptoproperty specific risk is defined in a paper: cyber•Rating: Cryptoproperty Evaluation.
The cryptoasset specific risks are the following:
1. The platform could be never developed. This risk is reduced by the fact that the project is fully open source
2. The business model of the developed service could be not viable. This risk is mitigated by parallel testing of the several revenue channels
3. The BoD decisions could not meet investors' expectations. This risk is mitigated by regular reporting of the BoD
4. The project could be changed significantly from current vision in order to maximize owner's' output
5. The emergence of the stronger, faster, smarter competitors
6. The appearance of the technology more promising than public/private key cryptography

10. Buyback

If a lucrative funding proposal emerges it might be necessary for cyber•Fund to convert the existing private blockchain entity to a hybrid entity (legal entity with an equity accounting using public blockchain). Thus, a protocol would be changed with a necessity for every token holder to pass KYC/AML clearance procedure. In this case the CFUND owners will have two options:
- To pass through KYC/AML clearance and convert tokens
- To sell cyber•Fund tokens via buyback procedure at a price calculated with an annual profit in bitcoins of 10% for a period of the ownership of CFUNDs