



H A Z Z A

“GLOBAL UNIFIED PAYMENT NETWORK”

Building real economic value for Payment Market Participants

----- WHITEPAPER -----

by

HAZZA Foundation Limited

Version 3.0

Date: 15th March, 2018

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Note: Please read this document together with the HAZZA Token Sale Terms and Conditions.

1. EXECUTIVE SUMMARY

Payments is a complex landscape with many intermediaries and varieties of payment methods. Lack of universal acceptance, inefficiencies and closed proprietary technology are problems faced by many industry participants. In our experience, new payment solutions often do not address this and are mostly designed to solve one specific issue.

HAZZA is an initiative to build a democratized, unified payment network by migrating Octo3's proven technology onto blockchain. The platform will be owned and guided by a not-for-profit foundation, the Foundation, and governed by the HAZZA network community. HAZZA Tokens will be created to access the HAZZA network. The HAZZA network will be developed and governed through a decentralized autonomous organization (DAO) model.

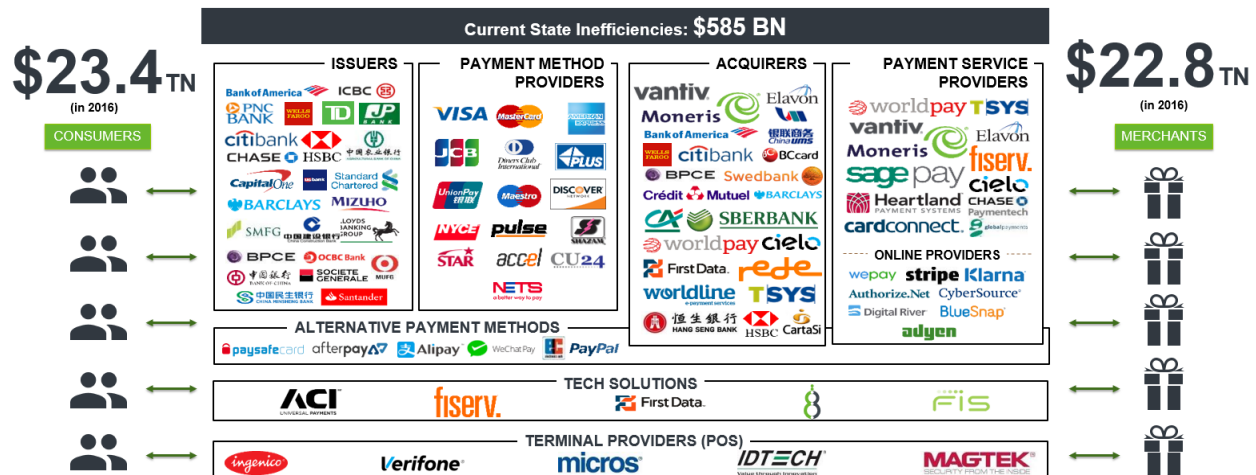
The HAZZA network is planned to be made available to anyone around the world through a set of Open APIs. The goal is to allow the world's merchants, global payment networks, acquirers, issuers, alternative payment method providers (APMs), payment service providers (PSPs) and other participants (e.g. device manufacturers, POS providers, crypto community etc.) to access a low-cost, minimal-engagement, decentralized payment network. We aim to reduce, if not remove, barriers and inefficiencies from the payment industry, while encouraging innovations and creating new business opportunities for participants who would benefit from a healthy, open ecosystem.

The platform is proposed to be based on Octo3's existing Global Payment System, a scalable cloud-based Omni-channel proprietary technology. It is a certified BASE I, BASE II capable processor, and features a fully functional ISO 8583 payment switch. It is fully compliant with over 130 transaction currencies and allows full transactional oversight, covering e-commerce, physical POS, mobile POS, MOTO, coupon and loyalty programs currently. The Global Payment System has robust functionalities and the highest level of security, maintaining a PCI-DSS Level 1 certification.

To build HAZZA, Octo3 proposes to transfer its proprietary IP of the Global Payment System to the Foundation, open access to the Global Payment System and migrate it to blockchain technology through a 3-phase development. A HAZZA Token Sale is proposed to raise proceeds to support the HAZZA network setup and the development of Phase 1 and 2.

2. PAYMENT INDUSTRY OVERVIEW

The global payment market transacts continuously throughout all time zones and with all currencies. In 2016, approximately USD 23.4 trillion¹ worth of transactions passed through the ecosystem, with more than USD 585 billion² in transaction fees captured by intermediaries. Such fees are projected to further increase to USD 1.7 trillion³ by 2025.



By and large, the existing payment systems and the related networks to which merchants connect have traditionally been proprietary in nature and centralized in management and operation.

The services provisioned by such payment systems and networks are highly fragmented, inefficient and complex, dominated by different incumbents across the various channels in each stage of the payment process. The payment market comprises a broad range of participants that includes financial institutions, PMPs, PSPs, APMs, technology solutions and terminal providers.

¹ Total non-cash consumer expenditure in 2016 (Nilson Report, Persistent Market Research).

² Total transaction fees collected by intermediaries (i.e. Issuers, PMPs and PSPs) in 2016 are assumed to be 2.5% of the total non-cash consumer expenditure, based on industry experience (Nilson Report, Persistent Market Research).

³ Total transaction fees collected by intermediaries (i.e. Issuers, PMPs, and PSPs) in 2025 are assumed to be 2.5% of the projected total non-cash consumer expenditure, based on industry experience (Nilson Report, Persistent Market Research).

2.1. INDUSTRY PAIN POINTS

Despite the size of the payment market, the transaction process between consumers and merchants remains poorly understood. Its complex structure and the interrelationships among all participants have led to significant inefficiencies and major pain points for both merchants and consumers alike. Based on our experience, some of the key pain points are as follows:

2.1.1. Lack of Universal Acceptance

Merchants have access to only a few sets of payment methods – often, these payment methods are bundled by existing acquirers, and merchants are forced to use the bundles offered by acquirers. Consumers, meanwhile, are limited in the type of payment methods that the merchants accept. For example, Chinese tourists might find it difficult to use the local payment methods, such as WeChat Pay, to purchase in convenience stores abroad.

2.1.2. Inefficient Layers of Intermediaries

There are multiple layers of intermediaries between consumers, providers of liquidity (e.g. issuers), PMPs, APMs, and merchants. Merchants need to navigate a complex set of payment policies and have multiple layers of fees to pay to various intermediaries. The transaction fees charged to merchants are, on average, 2.5%⁴ of the transaction value. These fees are often higher for small-to-medium size merchants.⁵

2.1.3. Fragmented Technology Standards

A lack of a harmonized technical language between market participants makes connection between parties difficult. Thus, merchants often need to incur repetitive costs, in-house or through 3rd parties, to adopt different payment methods.

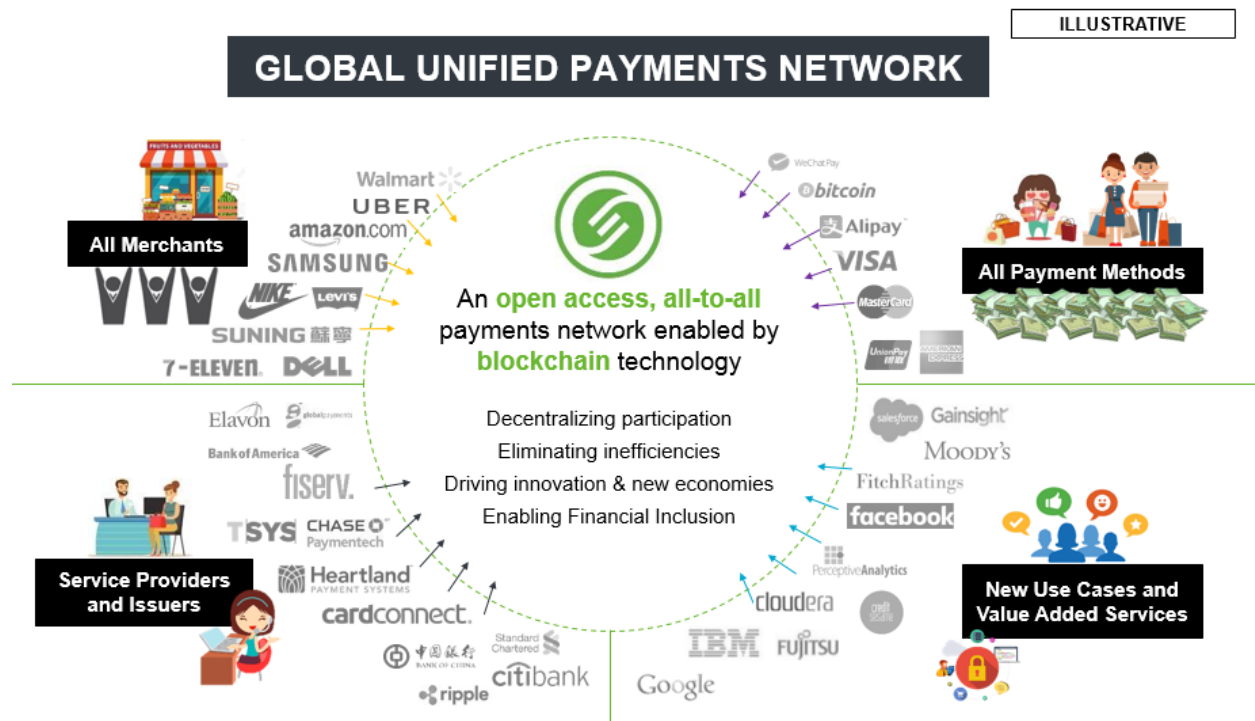
2.1.4. Complex Multi-channel Implementation

⁴ Based on Octo3's industry experience.

⁵ Based on Octo3's industry experience.

Different technology solutions are required for omni-channel merchants. If a merchant would like to provide both online and offline payment methods, the merchant needs to separately implement online and offline payment technology solutions. Such implementation projects sometimes take 1 to 2 years to complete.

3. OUR PROPOSED SOLUTION – HAZZA NETWORK



Note: Companies shown above are for illustrative purpose only.

The Foundation's vision is to build a global unified payments network, namely "HAZZA - an open access, all-to-all payments network that is powered by blockchain technology. The HAZZA network aims to drive a seamless experience for all participants, such as PMPs, PSPs, issuers, device manufacturers and merchants, lowering the technical and financial frictions in between.

3.1. KEY FEATURES

Currently, payment network technologies are generally proprietary in nature and closed in order to function in the existing centralized payment ecosystem. To fulfill our goal of democratizing the payment industry, we will migrate the current Octo3 solution to an open access system for all and build the HAZZA network with the following principles in mind:

3.1.1. Decentralizing Participation

The HAZZA network is designed to be open to any participants. The processing network should provide a set of standard Open APIs for unified communication / protocol among participating entities. Decentralization also entails that participants should direct how HAZZA operates and develops over time, as further described below.

Open APIs should be available to PMPs, PSPs, merchants, other service/channel providers, existing payment networks, card schemes and anyone who is interested in participating in the payments ecosystem. The system will utilize distributed ledger and blockchain technology, as well as smart contracts for various modules of its technology stack.

3.1.2. Eliminating Inefficiencies

The HAZZA network should facilitate and enable the participants to connect to other participants seamlessly. Participating service providers should be able to use a set of Open APIs to integrate and register their identities on the HAZZA network.

Participants could easily publish their service scopes and capabilities to the HAZZA network. The service providers could also define their requirements for potential clients, such as KYC level. As such, they could have exposure across the HAZZA network's community and could promote themselves to the HAZZA network proactively, making their services accessible and readily available for merchants, participants and the HAZZA network. With HAZZA network as the marketplace, the marketing efforts by service providers could be optimized with service publishing functions.

3.1.3. Driving Innovation and New Economies

Participants should be able to contribute new innovative solutions in order to shape the HAZZA network and develop it in a way that could benefit all participants. Participants could potentially create new functionalities and new economies on top of the HAZZA network that support merchants, consumers and the payment community.

Innovation from participants and the creation of new economies should promote the HAZZA network as a global unified payments network.

3.1.4. Enabling Financial Inclusion

The HAZZA network aims to lower the barriers to entry for merchants, acquiring banks, issuing banks, APMs and other new service providers. Merchants could provide more payment options to the consumers while APMs could potentially connect to merchants globally and existing payment networks and card schemes could extend their reach into developing economies in a cost effective manner.

Currently, the unbanked population has limited access to non-cash payment methods due to limitations in banking infrastructure and high barriers to entry for credit facilities. By using the APIs connected to the HAZZA network, new solutions for the unbanked could be included in the payment ecosystem.

With these features, the HAZZA network should encourage more innovation, and better quality services and capabilities, when compared to existing traditional proprietary networks - for all participants in the ecosystem, barrier-free.

3.2. KEY BENEFITS

Due to the potentially disruptive nature of the HAZZA project, we estimate that the utilization of the HAZZA network could help create over USD 730 billion of positive economic value by 2025 for ecosystem participants. This could include PMPs, APMs, PSPs, payment networks and card schemes, merchants, terminal manufacturers and others in the payments communities.

Potential Economic Value	Est. 2025 Benefits Realized (USD)	Potential Participation Value
Savings on technology costs	30 billion	PSPs could save on the transaction fees that are paid to technology providers
Savings on transaction costs	450 billion	Merchants could save an estimated 1% of the projected non-cash transaction value due to efficiencies gained from intermediaries
Economic value of greater access	250 billion	PMPs and issuers benefit from greater use of non-cash payment methods

3.2.1. Key Benefits for PMPs and APMs

Currently, penetration to other countries is difficult for these two ecosystem participants, especially for APMs, due to the lack of global acceptance. However, through the HAZZA network, PMPs and APMs could serve previously out-of-reach merchants. They can potentially broadcast their services to all the merchants that are connected to the HAZZA network.

For example, an APM such as WeChat Pay which is based in China could potentially be used to pay for food and drink purchased at a TESCO Express store in London, once all parties are connected to the HAZZA network.



3.2.2. Key Benefits for PSPs

By accessing the HAZZA network, PSPs may no longer need to invest significantly in in-house developers or license technology from a payment technology solution provider. They could leverage the technology capabilities of the HAZZA network, which has been commercialized and tested as Octo3's Global Payment System - at a significantly lower cost.

3.2.3. Key Benefits for Merchants

Merchants and consumers could potentially accept an unlimited range of payment methods while also reducing costs. For example, merchants and PSPs connected to the HAZZA network will be able to access any of the PMPs that are participating in the ecosystem. Similarly, new alternative payment method providers could also have access to merchants and PSPs that are part of the network.

3.2.4. Key Benefits for Terminal Manufacturers

There is also significant downstream innovation opportunity created by HAZZA network. For example, terminal manufacturers could bring to market devices that accept almost-universal payment methods by connecting with the HAZZA network.

3.2.5. Key Benefits for Payment Networks and Card Schemes

Existing payment networks and card schemes could leverage HAZZA's decentralized network and global reach in order to lower their CAPEX/OPEX, which may lead to expanding their footprint in developing countries or building additional functionalities in existing markets.

3.2.6. Potential Benefits for Community

The HAZZA network could organically lead to the following potential benefits to the broader community in general:

- i. Creating new job opportunities. For example, systems integrators could use their skill sets of integrating other payments systems to support merchants to integrate into the HAZZA network
- ii. Creating sub-economies around HAZZA, such as KYC, taxation services and market analysis on top of the HAZZA network
- iii. Accelerating adoption of new payment methods
- iv. Driving collaboration and healthy competition through an open and dynamic financial payment marketplace
- v. Accelerating innovations in financial technology
- vi. Creating new financial products / services
- vii. Promoting financial inclusion and allowing smaller players to grow

4. THE FOUNDATION

The Foundation is a not-for-profit foundation that aims to democratize the payment ecosystem and promote financial inclusion. The Foundation would oversee the open access HAZZA network.

4.1. OUR FOUNDERS



Ajmal Samuel

Founder and Chairman of Octo3 Limited

- 20+ years of financial infrastructure, payments, clearing houses, regulatory, IT and management experience
- Ex-President and CEO – Cityline, Founder and CEO – ASAP Transaction Processing Corporation Limited
- Fellow of the Hong Kong Institute of Directors
- Member of the Institute for Electrical and Electronic Engineers (IEEE), International Computer Society, and Association for Computing Machinery (ACM).
- Board member, Sir David Trench Fund (HKSAR Government)



Tyrone Lynch

Chief Executive Officer (CEO) of Octo3 Limited

- 20+ years of P&L management experience for global multinationals in the payments and technology sectors
- Expertise in international market entry and commercialization of new businesses (recently created and managed NTT Group's new global payments service line)
- Former CEO of NTT DATA Hong Kong's global payment business, Senior VP at NTT Communications Asia and Senior Executive for Atos Origin and Schlumberger Japan



Hans Wong

Founder and Chief Technology Officer (CTO) of Octo3 Limited

- 20+ years of industry experience in large-scale mission critical financial infrastructure and payments systems development, deployment and management
- Comprehensive working knowledge of the banking regulatory framework applicable to financial technology
- Previously led the technical direction, development and operation of mass transaction systems and designs and implementation of mission-critical messaging solutions at International Messaging Associates for US government organizations and many large international corporations

The Foundation's founders possesses collectively more than 60 years of experience in the payments industry. We are committed to the delivery of change, promoting financial inclusion, democratizing the payments market and creating a more efficient payments ecosystem.

5. GOVERNANCE MODEL

The HAZZA network is envisaged to be an open and decentralized financial transaction network, governed by a DAO, with elements of a traditional governance system, to help ensure its integrity.

5.1. DECENTRALIZED AUTONOMOUS ORGANIZATION (DAO)

The DAO is a pivotal part of the HAZZA network. HAZZA Token holders are intended to participate in the governance of the HAZZA network through a HAZZA DAO. More specifically, the HAZZA network is envisaged to be governed by reference to the HAZZA DAO, for the benefit of the broader community, with advocacy of transparency, operational efficiency and innovation.

A participant of HAZZA DAO is expected to be an autonomous entity in the HAZZA network. The planned HAZZA DAO should facilitate the coordination of collaboration and engagement amongst participants in the HAZZA network.

Participants are intended to be loosely coupled through peer-to-peer relationships and smart contract collaborations.

The HAZZA DAO and the roles of the participants are further detailed in the Token Utility session below.

5.2. TRADITIONAL GOVERNANCE SYSTEM INPUT

The Foundation is intended to sit outside of the HAZZA network itself, but provide an important check-and-balance. It is proposed to have a Board of Directors and an executive management team in place to provide important systemic oversight of the HAZZA network and undertake other functions to help facilitate its success.

The Board's chairman and the directors will be elected by the Foundation. While HAZZA network participants will not generally be members of the Foundation, it is possible that they may provide input on the independent directors in due course. The Board of Directors will be responsible for making key decisions of the Foundation, as well as reviewing strategic and material decisions. In addition, the Board of Directors would form board committees and delegate authority to those committees to carry out specified functions, such as a remuneration committee, a nomination committee and an audit committee.

The Foundation will be responsible for overseeing the Token Sale, promoting the HAZZA network and providing support to the management of data and infrastructure. The executive management team would be appointed by the Board of Directors and is responsible for the day-to-day operations of the Foundation.

6. ECONOMIC MODEL

The Foundation expects to introduce two revenue streams for the Foundation to maintain its sustainability and ensure the goals of the Foundation are achieved. Subject to applicable laws and further consideration, any surplus cash flow may be used to support technology development in the payments and Fintech industries and donated for charitable causes.

Apart from the core economy, the HAZZA network could enable the community (for example system integration providers, other value added providers etc.) to derive their own downstream benefits. Any such benefits generated from the extended economies would not accrue to the Foundation, the HAZZA network or the broader pool of token

holders as such (for example, as part of any kind of collective). Rather, any benefits would accrue directly to those who generated them.

6.1. THE CORE ECONOMY

The Foundation intends to continuously enhance the services and functionalities offered to the ecosystem participants. Through enhancing the HAZZA network in phases, the Foundation expects an increasing market adoption leading to higher revenue from the two income streams to support the Foundation's objectives and potential further technology development.

6.1.1. Access fees

Participants are required to redeem HAZZA Tokens in order to access the HAZZA network. The access fees will be tiered based on the type of participants (e.g. PMPs, PSPs) and access to additional VASs (e.g. dashboard, reporting).

6.1.2. Certification fees

It is expected that some individual and institutional coaches and systems integrators would emerge and support the HAZZA network. The Foundation intends to provide training and conduct assessments on the capability and competency of those coaches and systems integrators, and issue certifications to those qualified service providers.

As the number of merchants, PSPs and PMPs on the HAZZA network grows, demand for coaches and systems integrators is also expected to grow. It is intended that only new service providers would be required to go through the HAZZA network certification process.

To be clear, no funds or otherwise will be distributed by the Foundation or the HAZZA DAO to any person.

6.2. THE EXTENDED ECONOMY

We believe that due to the introduction of the HAZZA network, adjacent economies could be created which could benefit the wider community through job creation and supporting of new industries.

6.2.1. Advisory and maintenance service fees

Although the HAZZA network intends to utilize an Open API, some ecosystem participants may require external advisors and technicians to assist with API integration. For example, smaller merchants or parties without in-house technical staff might need to obtain guidance from technology advisors on how to connect to the HAZZA network.

6.2.2. Installation and configuration service fees

The Foundation could provide training, certification and agency services to qualified individuals and institutions that provide coaching and system integration services.

6.2.3. Other services in the extended economy

As the HAZZA network evolves, more value added services and extended economies may emerge to benefit the payments ecosystem and contribute to create a unified global payments network.

7. HAZZA TECHNOLOGY

The HAZZA network is intended to be made available to anyone around the world through a set of Open APIs, where local payment methods can easily be added to the HAZZA network and merchants can easily access all available payment methods. These Open APIs aim to enable system integration firms, device manufacturers, POS providers, etc. to add global payment methods into their local acceptance technologies. A blockchain-based Registrar Service could be used to secure and authenticate and authorize the registration of Service Providers (including Payment Channel Providers and VAS Providers) and Merchant Participants, and to facilitate business engagement between participants.

The Foundation expects to adopt a progressive and phased development approach to move its industry-proven financial transaction processing network onto a blockchain-based platform, as blockchain technology matures. At the same time, the open nature of the HAZZA network could assist it to become ready for real-world mass deployment.

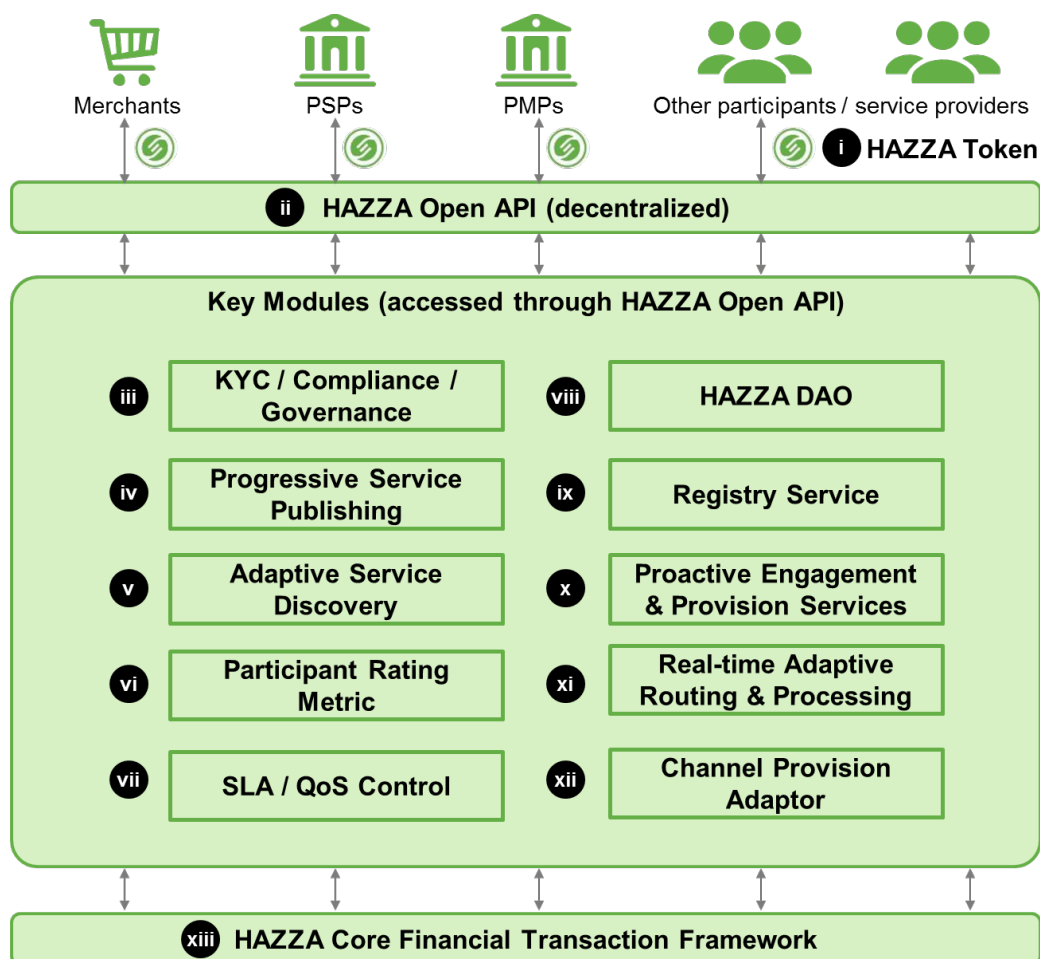
The Ethereum network is planned to be used initially for the registration and network access services in Phase 1. As blockchain technology matures in terms of latency and

throughput, other transaction processing services are expected to be migrated onto blockchain platforms and layers.

Selection of the technology on which to deploy Phase III will be closely monitored, as DLT is in constant development. Currently there are three main possible considerations: Use of off-chain scaling solutions (such as RAIDEN and lightning network), use of blockchains that can process high tps on-chain (such as NEM, EOS, SwiftTX) or a custom blockchain that can suit the needs of HAZZA, subject to HAZZA DAO processes.

7.1. DEVELOPMENT ROADMAP

An open architecture is planned for the HAZZA network as below:



7.1.1. Development Phase I – “Decentralize Business Engagement” (2017 Nov – 2018 Q2)

In the first development phase, the Foundation aims to leverage blockchain technology and smart contracts to facilitate:

- Business engagement and relationship formation;
- KYC service provision; and
- Digital identification services for participant identification and verification.

The Foundation intends to introduce the following modules in this development phase.

i. HAZZA Token

- HAZZA Tokens are intended to be used to authenticate, access and pay for features in the HAZZA network.
- Details of the intended HAZZA Token utility can be found in the Token Utility section below.

ii. HAZZA Open API

Several sets of the HAZZA network APIs would be provisioned to the participants:

- HAZZA Participant Register API
- HAZZA Service Publishing API
- HAZZA Discovery API
- HAZZA KYC API (Process, Enquiry, Renew)
- HAZZA Participant Verification API
- HAZZA Merchant Service API
- HAZZA Rating API
- HAZZA Channel Adaptor API (to be developed in Phase II)

In a typical payment processing network technology integration model, a payment network is required to implement the payment connectivity integration with each of the connecting payment channels. The process is linear and thus depends on development resources of the payment network company; the costs may be high and the period for the payment network to expand can be lengthy.

The HAZZA network Open API proposes to take an opposite approach. Rather than depending on the payment network to do the integration, it is the payment

channel (or PSP/VAS service provider) that integrates to the HAZZA network using the HAZZA Open Channel Adaptor API. Thus the development and expansion of payment connectivity and payment network reach would no longer be linear and could be expanded dramatically due to the expected effort from the participant community.

The Foundation envisages this strategy would encourage self-expansion of the HAZZA network with decentralized development effort from the community.

iii. KYC/Compliance/Governance

- Provide KYC, compliance and governance service to the HAZZA network and verification service to participating entities. This could be used for both service providers and merchants for rating of KYC/Compliance/Governance level, which can then be assessed by other participants.
- A participant may get a self-assessment KYC/Compliance/Governance level, which is assessable by any other PSP providers during engagement.
- Participants can define the required rating of KYC/Compliance/Governance level during service discovery and engagement.
- It is also possible that a merchant participant may require a certain KYC Compliant level from the PSP or VAS provider.

iv. Progressive Service Publishing

- A service provider (PSP, Channel provider, VAS / POS provider) may proactively publish their provision of service scope, capability and KYC mandates to the community.
- A merchant may proactively publish their requirement of service scope, capability and KYC mandates to the community.
- Once the services are published, they are discoverable by any participant in the community and thus facilitate auto engagement process.

v. Adaptive Service Discovery

- A service provider (PSP, Channel provider, VAS provider) may proactively publish their requirements of client participant and KYC mandates to the community through the HAZZA network.
- A merchant may proactively publish their requirements regarding service scope, capability and KYC mandates to the community. For example, a merchant can publish their requirements and look for PSP providers that

can accept Chinese yuan, Indian rupees and Thai baht in specified Asian countries.

- Once discovered and matched, they could proceed to engagement. This streamlines the process and mitigates the cost and efforts related to traditional service delivery methods.

vi.Participant Rating Metric

- This is intended to be a community rating mechanism that allows a participant to give feedback of service levels of other participant, to the community.
- A participant may use it as a reference during service discovery phase. For example, a merchant may require a PSP with a certain community participant rating during service discovery and engagement.
- This can help maintain a healthy ecosystem with self-discipline while promoting transparency amongst its participants.

vii.SLA/QoS Control

- A system to keep track and maintain SLA/QoS of the services provisioned by a service provider. This should help promote and encourage service providers to keep improving their service level.

viii.HAZZA DAO

- The HAZZA network is intended to be a decentralized financial transaction network, governed by a DAO to optimize the network and operation efficiency.
- The HAZZA DAO is intended to be used as a governance function (e.g. nomination and voting of new features and evaluation of new technology).
- A participant is an autonomous entity in the HAZZA network, and HAZZA DAO would use smart contracts for verification and collaboration engagement.
- Details of the intended HAZZA DAO can be found in the Token Utility section below.

ix.Registry Service

- A blockchain-based registry service would be provided to the participants to facilitate the publishing and discovery of services in the HAZZA network.

The registration information would be managed and secured in the registry service in the HAZZA network.

- The registry service would validate the HAZZA Tokens held by the participants according to the business rules defined during the registration process.
- Blockchain technology would be used to store and secure the registry of service providers. The service providers could register their unique blockchain addresses, and propagate their service scope and client engagement requirements through the registry service. Their services can be discovered by other participants in the network. Merchants could also register their identity with their blockchain address, and register their service requirements with the registry to facilitate business engagement.

x. Proactive Engagement and Provision Service

- Engagement and provision process would be authenticated and validated through each participants' blockchain address and registered participant profile.
- A participant could discover, filter and engage with other participants proactively.
- A merchant may decide to discover and then engage any new service providers that can meet its requirement automatically.
- A service provider (e.g. PSP) may make themselves accessible to any new participants. For example, a PMP could engage directly with a merchant and make their services available to that merchant.

7.1.2. Development Phase II – “Build Engagement Marketplace” (2018 Q3 – 2019 Q4)

In the second development phase, the Foundation aims to leverage the state channel concept and blockchain technology to facilitate business engagement and negotiation between merchants and payment providers. Also, the Foundation intends to provide a more comprehensive business engagement model based on emerging blockchain technology. The Foundation intends to introduce the following modules in this development phase, subject to DAO processes.

xi. Real-Time Adaptive Routing and Processing

-
- Routing and processing through the HAZZA network is intended to operate in continuous engagement mode and to be dynamically adaptive to new collaborations and new real-time rules, as defined by the participants.
 - By contrast, a typical payment processing routing engine operates according to a static configuration profile. This involves merchants acquiring relationship matrices and real-time transaction data, and relying on live service status and availability of the payment channel. Based on our experience, the merchant-acquiring relationship is static and passive. Manual reconfiguration is often required for a routing rule change, or for new acquiring engagements to be effective. This can be prone to the errors and inefficiencies that are inherent in manual operations.
 - In the HAZZA network, the operation of merchant business engagement intends to be dynamic, proactive, and propagated through the use of blockchain platforms. The real-time change of merchant engagement parameters and matrixes could be inherent in the payment processing routing engine.
 - The service level and live status (QoS) of the service providers/payment channels, is also intended to be propagated across the HAZZA network and automatically incorporated using real-time dynamic routing matrix and processing.

xii.Channel Adaptor (enabled by HAZZA Open API)

- A channel / VAS provider should be able to implement a channel provision adaptor with HAZZA Open API to attach and register services on to the HAZZA network. These services could then be discovered by other participant merchants automatically.

7.1.3. Development Phase III – “Decentralize Payment Processing” (2020 Q1 and beyond)

The Foundation aims to migrate the HAZZA network’s core transaction processing system on a blockchain-based platform, subject to DAO processes. The Foundation and HAZZA DAO would evaluate emerging blockchain technology, for this purpose. The Foundation intends to migrate the following module onto decentralized blockchain technology in this development phase.

xiii.Core Financial Transaction Framework

- The core financial transaction network, intended to be accessible through a set of HAZZA Open APIs.

7.2. BUSINESS ENGAGEMENT BENEFITS

HAZZA network participants and the community at large are expected to benefit from the “network effect” of the HAZZA network and the open access for business engagement. This could streamline the operation of payment transactions and dramatically improve efficiency for all involved.

7.2.1. From the Merchants’ Perspective - Cheaper, Simpler and Universal

The following table provides our observations from a merchant’s perspective, based on our experience and expectations.

Key Areas	Existing Payment Ecosystem	Proposed HAZZA Network
Access to services/ channels	<ul style="list-style-type: none"> • A “blackbox” market • Limited access and limited option to services/channels in the market 	<ul style="list-style-type: none"> • Open and transparent market • Open access and options to all services/channels connected to the HAZZA network
Discovery and engagement process	<ul style="list-style-type: none"> • Inefficient • Manual discovery and engagement • Long and complicated processes 	<ul style="list-style-type: none"> • Highly efficient • Automatic discovery and engagement with suitable payment service • Short and simple processes
Time and effort	<ul style="list-style-type: none"> • Long time to market • Significant effort to engage new services • Material risk in technical integration and certification 	<ul style="list-style-type: none"> • Real-time / instant engagement based on predefined business criteria • Minimum effort to engage new service • Same proven integration standards

Key Areas	Existing Payment Ecosystem	Proposed HAZZA Network
KYC process	<ul style="list-style-type: none"> • Duplicated and complicated KYC process • One-way KYC process 	<ul style="list-style-type: none"> • Streamlined, trusted and efficient KYC process • Mutual KYC process
Difficulty to manage	<ul style="list-style-type: none"> • Difficult to manage various channels, trust and service levels on a global scale 	<ul style="list-style-type: none"> • Self-regulated and transparent community with secure and trust control mechanisms
Service engagement management	<ul style="list-style-type: none"> • Passive and static relationship with service providers • Downtime if the payment option out of service 	<ul style="list-style-type: none"> • Proactive and dynamic engagement with service providers • Auto-switching to best payment option available

7.2.2. From the Payment Channels' Perspective - More Clients, More Business but Lower Risk

The following table provides our observations from a payment channel provider's perspective, based on our experience and expectations.

Key Areas	Existing Payments Ecosystem	Proposed HAZZA Network
Access to clients/merchants	<ul style="list-style-type: none"> • Limited client networks and sales channels 	<ul style="list-style-type: none"> • Open and transparent market • Access to all clients/merchants connected to HAZZA network • More options for business engagement
Discovery and engagement process	<ul style="list-style-type: none"> • Inefficient • Manual discovery and engagement with new clients • Long and complicated processes 	<ul style="list-style-type: none"> • Highly efficient • Automatic discovery and engagement of suitable clients • Short and simple processes

Key Areas	Existing Payments Ecosystem	Proposed HAZZA Network
Time and effort	<ul style="list-style-type: none"> • Long time to market • Significant effort to enable new service • Material risk in merchant technical integration and certification 	<ul style="list-style-type: none"> • Real-time / instant engagement based on predefined business criteria • Minimum effort to engage new client • Same proven integration
KYC process	<ul style="list-style-type: none"> • Complicated and costly KYC process 	<ul style="list-style-type: none"> • Streamline, trusted and cost-effective KYC process
Difficulty to manage	<ul style="list-style-type: none"> • Difficult to manage various clients, trust and merchant business fault and risks on a global scale 	<ul style="list-style-type: none"> • Self-regulated and transparent community with secure and trust control mechanisms
Service engagement management	<ul style="list-style-type: none"> • Passive and static • Limited and static relationship for business/ service 	<ul style="list-style-type: none"> • Proactive and dynamic • Access to an open network • Proactive and dynamic engagement with new clients

7.2.3. From the Crypto Community's Perspective:

With the HAZZA network, we expect it will be easier for the blockchain/crypto community to build their own payment channel adaptors using HAZZA's Open Channel Adaptor API and to benefit from direct access to HAZZA network participants. This could facilitate service engagement opportunities across communities.

The HAZZA network is also intended to enable the merchant participants to access the blockchain/crypto community to build new business opportunities.

7.3. BLOCKCHAIN TECHNOLOGY ADOPTION

We recognize the opportunity and unique value of leveraging blockchain technology in the payments industry. We also acknowledge that mass adoption of emerging technologies can be challenging especially in the highly controlled payments industry.

We have also considered that blockchain technologies are themselves emerging and evolving. There are concerns regarding scalability and performance of blockchain technology in real-world, mass market deployments. The proposed HAZZA network development phases are linked to the expected developments in blockchain technology, as outlined below:

7.3.1. Blockchain Technology related to Phase I “Decentralize Business Engagement”

Blockchain platforms, such as Ethereum, are able to handle smart contracts. Smart contracts can track and automate the fulfillment of agreements using a blockchain. Certain actions can be triggered if a term in the smart contract is met. The combination of blockchain technology with smart contracts allows developers to create a variety of innovative products, services and features. We consider that Ethereum is a maturing technology. The Foundation plans to evaluate and utilize Ethereum, and other similar platforms as they become available, to facilitate business engagement between participants, subject to HAZZA DAO processes.

There are other emerging blockchain platforms that aim to offer more powerful smart contracts. These smart contracts can be built using a variety of programming languages in order to lower the barriers to developer adoption, and provide capabilities for business-to-business (B2B) enterprise engagement. In particular, the Foundation anticipates that the NEO concept may be applicable in developing the HAZZA network, and will further evaluate this, in conjunction with the HAZZA DAO, when the technology become more mature. For example, NEO could be leveraged to automate complex business engagement using built-in business logic.

7.3.2. Blockchain Technology related to Phase II “Build Engagement Marketplace”

Blockchain state channels are relationships between two or more users that are encoded on the underlying blockchain. Within a state channel, users can send transactions back and forth, and to create smart contracts between them, with periodic batch settlement by reference to an underlying blockchain. This removes the need for parties to settle every single transaction on the underlying blockchain. By moving transactions off the underlying blockchain, state channels can be used to increase the privacy and scalability among users. The Foundation anticipates the possibility of utilizing state channels in business negotiations, such as price and terms, and in further automating business engagement.

7.3.3. Blockchain Technology related to Phase III “Decentralize Payment Processing”

The Lightning Network uses state channels to enable instant payments across a network of participants. RAIDEN is a similar technology that aims to leverage state channels to facilitate high-speed and low fee asset transfers across the Ethereum network. Emerging blockchain technology such as these aim to address the current issues of scalability and performance that may inhibit the use of blockchain for real-world global payment networks. As these technologies are still evolving, the Foundation would evaluate these blockchain technology as they become available and may leverage them for use in the HAZZA network.

The Foundation plans to take a practical and yet aggressive strategy to adopt and leverage blockchain technology in the HAZZA network, subject to HAZZA DAO processes.

8. TOKEN UTILITY

HAZZA Token is an Ethereum-based token that implements the ERC20 token standard. The core usage of HAZZA Tokens is to exchange for access to the HAZZA network. As the HAZZA network develops and becomes operational, it is envisaged that HAZZA Token holders will also be able to get involved in the governance of the HAZZA network through the HAZZA DAO. In the future, holders of the HAZZA Token may potentially use it to pay for services rendered by other participants within the HAZZA economy. The potential utility of the HAZZA Token is explained further below.

8.1. ACCESS TO HAZZA NETWORK

The HAZZA Token is intended to enable access to the HAZZA network once operational. Participants must exchange a certain amount of HAZZA Tokens to access the HAZZA network.

The two key pricing principles of the HAZZA network are intended as follows:

- HAZZA Token requirements should be dependent on the level of transaction value 'work' the network performs for the participants.
- Barriers to entry should be minimal in order to promote financial inclusion.

8.2. GOVERNANCE OF HAZZA NETWORK

As described above, the Foundation intends to initiate a DAO to enable participants in the HAZZA network to get involved in the governance of the HAZZA network and its underlying protocols, once operational. A participant is an autonomous entity in the HAZZA network, and the HAZZA DAO is used to coordinate collaboration and engagement.

It is intended that HAZZA Token holders would participate in the governance of the HAZZA network by submitting and voting on proposals or decisions such as adding new features to the HAZZA network, and by selecting representatives to attend the Foundation's annual general meeting with the Foundation's Board of Directors.

There are 4 major roles the HAZZA Token holders could play in the HAZZA DAO:

Role in HAZZA DAO	Function
Moderator	<ul style="list-style-type: none">• Facilitate contract negotiation• Administer the network• Scrutinize code• Monitor security
Proposer	<ul style="list-style-type: none">• Post request / proposal for development (e.g. new markets, new functionalities, etc.)
Contributor	<ul style="list-style-type: none">• Develop new codes / features based on voting results
Voter	<ul style="list-style-type: none">• Vote for request / proposal using the HAZZA Token

8.3. OTHER POTENTIAL FUTURE UTILITIES

In the future, the Foundation may extend the HAZZA Token utility to other potential utilities. The HAZZA network might reward the contributors for their efforts in developing new codes / features based on the HAZZA DAO voting results. Also, participants could pay HAZZA Tokens for the VASs provided by others. Here are some hypothetical examples where HAZZA Token could be served as a method of payment for VASs:

- i. Individual and small merchants could use HAZZA Token to pay systems integrators for installation and configuration services;
- ii. The merchants could pay HAZZA Tokens to PSPs or PMPs for priority in the transaction pools; and
- iii. PMPs could pay HAZZA Tokens to merchants to promote a particular method of payment in the merchants' physical shops or their online stores.

9. TOKEN SALE

A token sale is an event in which a new technology project sells a portion of its blockchain tokens and uses the proceeds to support the development of the project.

The Foundation aims to make the HAZZA network easily accessible to anyone. As the cryptocurrency market is accessible by purchasers globally around the clock, the barrier-free cryptocurrency market could drive adoption of the HAZZA Token as well as the adoption of the HAZZA network.

The HAZZA Token is proposed to enable holders to access the HAZZA network and participate in the governance of the HAZZA network through the HAZZA DAO.

Proceeds raised from the Token Sale are intended to be applied to support the initial capital and operating expenditures of the Foundation to both develop and advocate the HAZZA network. The usage of Token Sale proceeds is covered in below.

9.1. TOKEN DISTRIBUTION

The Foundation intends to distribute the HAZZA Token with the following allocation:

Token Holders	Percentage of Token Allocation
Private Sale and Pre-sale	51.0%
Foundation Reserve	24.0%
Founders	10.0%
Backers	7.5%
Advisors	7.5%
Total	100.0%

9.1.1. 51% of all HAZZA Tokens will be distributed in the Private Sale and Pre-sale

HAZZA Tokens is proposed to be sold and distributed as described below:

- Private Sale began in early September until 8th April 2018;

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- Pre- sale took place between 3rd October 2017 and end on 31st October 2017;
 - The total HAZZA Token supply would be fixed upon the close of the Private Sale period. The total number of HAZZA Tokens sold during the Private Sale and Pre-sale will represent 51% of all HAZZA Tokens to be generated, the generation of which will be governed by a smart contract;
 - The price of each HAZZA Token during the Pre-Sale is fixed at 1 HAZZA Token = USD 0.38, or the equivalent amount in BTC, ETH and other fiat currencies; price increased to USD0.58 on 8th December 2017 for the on-going activities under Private Sale
 - Purchases during the Private Sale could receive a bonus allocation of HAZZA Tokens as agreed between the Foundation and individual purchasers.
 - Lockup period of up to 6 months starting from 8th April 2018;
 - Distribution of the HAZZA Tokens will occur after the completion of the Private sale and is subject to satisfaction of any applicable KYC procedures adopted by the Foundation in its sole discretion; and
 - Cryptocurrencies and other payment methods will be accepted at our authorized exchanges. Details available at <https://www.hazza.network>.

9.1.2. 24% of all HAZZA Tokens will be retained by the Foundation

The Foundation will retain 24% of all HAZZA Tokens as reserve tokens. The Foundation intends to use the reserve tokens for on-going enhancement of the HAZZA network and to ensure the sustainability of HAZZA Token market. Usage of the reserve tokens is intended to be governed by the Foundation.

50% of the Foundation reserve tokens will be subject to 12-month lockup starting from 8th April 2018.

9.1.3. 10% of all HAZZA Tokens will be held by the Founders

The Founders will be offered HAZZA Tokens as recognition of their efforts and resources contributed to the development of the HAZZA Tokens and their future efforts in developing the HAZZA network. 10% of all HAZZA Tokens will be distributed amongst the Founders at the Foundation's behest. A lockup period of 6 months, starting from 8th April 2018, applies to these tokens.

9.1.4. 7.5% of all HAZZA Tokens will be held by the Backers

The Backers will be offered HAZZA Tokens as an incentive to encourage contribution of efforts and resources to integrate and adopt the HAZZA network. 7.5% of all HAZZA Tokens will be distributed amongst the Backers at the Foundation's behest. A lockup period of 6 months, starting from 8th April 2018, applies to these tokens.

9.1.5. 7.5% of all HAZZA Tokens will be held by the Advisors

Particular Advisors will be rewarded with HAZZA Tokens as recognition of their efforts and resources contributed throughout the Token Sale process and the setting up of the Foundation. 7.5% of all HAZZA Tokens will be distributed amongst the Advisors at the Foundation's behest. A lockup period of 6 months, starting from 8th April 2018, applies to these tokens.

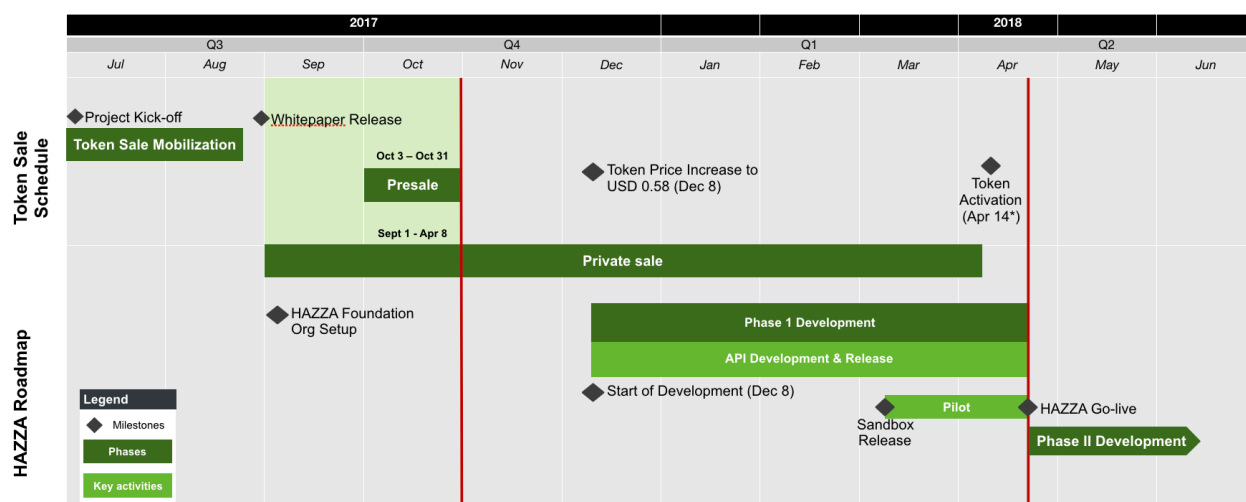
9.2. USE OF PROCEEDS

In order to kick off the HAZZA project and set up the Foundation's operations for the HAZZA network, the Foundation plans to support the cost of migrating to the HAZZA network, the scaling up of the network and the cost of running the Foundation through the Token Sale. The Token Sale proceeds are proposed to be used to cover the following:

- i. **Technology migration, enhancement and development** – To open the Global Payment System and further enhance the technical capability of the HAZZA network in line with the 3 Phase blockchain migration strategy, the Foundation will need to migrate the existing technology to an open access model. The existing core platform will need to be enhanced and a decentralized technology architecture will need to be developed.
- ii. **Advocacy and marketing-** Due to the global and open access nature of the platform, the Foundation will need to launch educational initiatives to target all market segments including regulators, retail, payment institutions, crypto and blockchain organizations. The Foundation also anticipates significant global marketing spend will be required to promote network adoption.
- iii. **Foundation operational funding** – Funding to cover cost of a global processing operations, including payment processing infrastructure, customer operations, professional and legal fees and provisions and a global expansion of the Foundation's geographical presence

- iv. **Network bootstrap and scaling** – The Foundation’s strategy is to rapidly scale up adoption by providing the lowest possible cost in order to achieve the economies of scale of mainstream payment processing networks. To do this, the foundation will need to subsidize the initial ramp up of users
- v. **Acquiring intellectual property from Octo3** - As the HAZZA network will be based on Octo3’s IP in the Global Payment System, which has been developed and commercialized by Octo3, the Foundation will assign 10% of the Token Sale net proceeds to acquire the IP from Octo3. Before the HAZZA network goes live by the end of Phase I, Octo3 will continue to have access to the Global Payment System under a licensing agreement with the Foundation. Octo3 intends to migrate existing clients from the Global Payment System to the HAZZA network as soon as the HAZZA network goes live by the end of Phase I.

10. PROPOSED PROJECT WORKPLAN



Key activities involved in Token Sale include:

- i. **Token Sale Mobilization (Q2 2017):** Octo3 started the conceptual plans for the HAZZA network and the preparation of the Token Sale.
- ii. **Private Sale (1st Sept 2017 – 8th April 2018):** Prospective Private Sale and private contributors could commit to support the Foundation and purchase HAZZA Tokens. The Foundation reserve the right to end the Private Sale before 8th of April without prior notice.

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- iii. Pre-sale (3rd Oct – 31st Oct 2017): Pre-sale of HAZZA Tokens took place and completed in Q3 in 2017.
 - iv. Token Activation (On or about 14 April 2018): The HAZZA Tokens will be activated and distributed to the purchasers' account, subject to satisfaction of any applicable anti-money laundering/ counter-terrorist financing procedures adopted by the Foundation in its sole discretion.

Key activities involved in HAZZA network Phase I development include:

- i. Foundation Registration (by end of October 2017): The Foundation's legal entity, accounts, etc. have already been set up.
- ii. Foundation Organization Setup (by end of November 2017): The Foundation's Board of Directors and management team would be finalized, who would oversee the implementation and operations of the HAZZA network project.
- iii. API development and release (Q4 2017 – Q1 2018): Open API for issuers, PSPs, acquirers, merchants, PMPs, and other VAS providers would be released separately during this period. The API could be used to connect to the Development Sandbox and the broader HAZZA network.
- iv. Development Sandbox release (Q1 2018): The Foundation would release the Development Sandbox for participants to perform testing over the usage and functionality of the HAZZA network. It will also serve as a testing environment for the development of various VASs provided through the HAZZA network.
- v. HAZZA Network Go-Live (April 2018): The HAZZA network planned for release with Phase I functionalities.

11. CONCLUSION

The Foundation is dedicated to the cause of democratizing the payment industry and furthering financial inclusion. Thus, we intend to make Octo3's technology available to all participants through the HAZZA network, thereby fulfilling our ultimate vision of creating a global payment network. This should allow the provision of wider acceptance at lower transaction costs for all participants.

Going forward, the Foundation will continue to remain innovative and responsive to the needs of our participants and the payment industry. We are excited for you to join us on our journey to hitting our targeted 2018 milestones and beyond. Together we can realize *universal acceptance* and create the future of *payment without barriers*.

12.DISCLAIMER

1. **Authorized language of this Whitepaper:** this Whitepaper and related materials are issued by the Foundation in English only. Any translation is for reference purposes only and is not certified by the Foundation or any other person and accordingly no assurance can be made as to the accuracy and completeness of such translations. If there is any inconsistency between a translation and the English version of this Whitepaper, the English version prevails.
2. **This Whitepaper describes a future project:** this Whitepaper contains forward-looking statements that are based on the beliefs of the Foundation, as well as assumptions made by and information available to the Foundation. The project as envisaged in this Whitepaper is under development and is being constantly updated, including but not limited to key governance and technical features. Accordingly, if and when the project is completed, it may differ significantly from the project set out in this Whitepaper. No representation or warranty is given as to the achievement or reasonableness of any plans, future projections or prospects and nothing in this document is or should be relied upon as a promise or representation as to the future.
3. **Views of the Foundation only:** the views and opinions expressed in this Whitepaper are those of the Foundation and do not necessarily reflect the official policy or position of any government, quasi-government, authority or public body (including but not limited to any regulatory body of any jurisdiction) in any jurisdiction. Information contained in this Whitepaper is based on sources considered reliable by the Foundation but there is no assurance as to their accuracy or completeness.
4. **No offer of securities:** the HAZZA Token is not intended to constitute securities in any jurisdiction. This Whitepaper does not constitute a prospectus nor offer document of any sort and is not intended to constitute an offer or solicitation of securities or any other investment or other product in any jurisdiction. Any offer or agreement in relation to any sale and purchase, of HAZZA Tokens is to be governed solely by a separate document setting out the terms and conditions (the “Ts&Cs”) of such agreement. In the event of any inconsistencies between the Ts&Cs and this Whitepaper, the former shall prevail.
5. **No advice:** this Whitepaper does not constitute advice to purchase any HAZZA Tokens nor should it be relied upon in connection with, any contract or purchasing decision.

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6. **Risk warning:** potential purchasers should assess the risks and their own appetite for such risks independently and consult their advisors before making a decision to purchase any HAZZA Tokens.
 7. **Restrictions transmission:** this Whitepaper, in full or in any part thereof, must not be taken or transmitted to any country where distribution or dissemination of this Whitepaper is prohibited or restricted.
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13.DEFINITIONS

Capitalized terms in this Whitepaper have the following meanings:

Acquirer means a financial institution which provides merchant accounts and related services to merchants;

Advisors means the groups of people and organizations who provide professional advice and expertise relating to the Foundation and the Token Sale;

APIs means application programming interfaces;

APMs means alternative payment methods;

Backers means the people and organizations that will help adopt and advocate the use of the HAZZA network;

BASE refers to certain components of the VisaNet global network operated by Visa Inc.;

DAO means a decentralized autonomous organization;

ERC20 means the Ethereum token standard as published at <https://github.com/ethereum/EIPs/issues/20>;

Foundation means HAZZA Foundation Limited;

Founders means the team described in the “Our Founders” section;

Global Payment Network means the omni-channel technology as a service payment acceptance and transaction switching network developed and operated by Octo3;

HAZZA Token means the ERC20-compliant token that is issued using the Ethereum network and that will be sold during the Token Sale;

HAZZA DAO means the collection of smart contracts that will facilitate the governance of the HAZZA network;

HAZZA network means the open, transparent and barrier-free payment network that will utilize the HAZZA Token and will be governed by the HAZZA DAO;

HAZZA project means Octo3's, and subsequently the Foundation's, project to develop the HAZZA network;

IP means intellectual property;

ISO8583 means the standard message format that describes financial card data that is exchanged between devices and Issuers;

Issuer means a financial institution which issues a card and in some cases a line of credit to the consumers;

KYC means know your customer;

Octo3 means Octo3 Limited;

Open API means a publicly available application programming interface that provides developers with programmatic access to a proprietary software application;

PCI-DSS means the Payment Card Industry Data Security Standard that is administered by PCI Security Standards Council, LLC;

PCI Level 1 means Payment Card Industry Level 1;

POS means point-of-sale;

PMPs means payment method providers;

PSPs means payment service providers;

Private Sale means the sale of HAZZA Tokens during the period as specified in section 10 of this Whitepaper;

Presale means the sale of HAZZA Tokens during the period specified in section 10 of this Whitepaper;

QoS means quality of service;

SLA means service level agreement;

Token Sale means the Private Sale and the Presale;

VAS means value-added service; and

Whitepaper means this HAZZA Whitepaper issued by the Foundation.