Ethic Hub

WHITEPAPER

WWW.ETHICHUB.COM

FINALLY HELPING BECOMES PROFITABLE /
We are building human based economics

· ABSTRACT

January 11, 2018

Ethic Hub universalizes access to global financial market, connecting investors to solvent projects. It offers a wide portfolio of investment opportunities, listed upon its risk ratings and at the same time allowing access to small producers which are an important part of the 2 billion yet excluded, 1, and thus achieving benefits for both parts: Finally helping becomes profitable.

Blockchain technology and SmartContracts make a new level of crowdlending possible, improving its security and transparency, thus enabling transactions between strangers. Costs are significantly reduced by transferring Ethereum compatible tokens directly from investors' to borrower's wallets without financial intermediaries; A decentralized system giving rise to true international crowdlending, and also allowing for risk diversification: investing small tickets in multiple projects.

Ethic Hub capitalizes trust: Human Based Economics, economic credibility based on human relations and community's relational assets: proximity, communications, support, reference and commitment. Project risk evaluation is done through the systems key figure: Local Node (field evaluator), a person in direct contact with borrowers, profiting only from on-time loan payments and from their evaluation accuracy, that turns them into a reference for investors.

In addition, each loan will proportionally contribute to generate a guarantee fund to protect the investor, which in case of default will most probable recover the invested amount (principal).

1. INTRODUCTION

Nowadays there are major legal and bureaucratic barriers to capital's global flow. In the age of constant change and progress, the financial system remains stuck in obsolete local models.
On this global scenario there is on one side first world country investors getting a low profit for moderate risk investments (lower than 10% in Europe) and on the other side, developing country borrowers paying high rates (over 100%) for mid risk loans, or even worse: without credit access at all. (insertar referencia).
Great capitals from developing countries diversify to secure their patrimony by investing in developed countries, but the inverse flow is much lower, generating lack of capital in developing countries and increasing their interest rates.

Why is this inverse flow lower?

- Lack of access to investment opportunities in developing countries for small and medium capitals.
- The bureaucratic barriers cited above for international investing.
- Ignorance about financial profitability: Return on capital at rich countries banks is 10.7% against 19.9% (almost double) on developing countries, according to World Bank statistics.
- Misinformation about exchange rate risk: Although it is true that investing in countries with another currency implies greater risk, it can also multiply profitability: Philippines, Thailand, Guatemala and China are just a few examples of countries whose currencies have revalued against the Euro in the last five years.
- Misinformation regarding legal and/or political instability: Obviously this is a risk in many countries, but selecting the right ones would make the risk similar to US' or Europe's.
- Ignorance of local culture, manifested as mistrust.

Consequently this structural deficit of capital hinders developing countries from growing economically. Lack of access to credit is the second main restraint to poor countries development, only behind corruption. (insertar referencia). This explains poverty trap: low income prevents from saving, thus from investing, preventing increase of productivity and income.
In conclusion, this misallocation of capital represents an obstacle for developing countries growth and it is mainly produced by ignorance and therefore can be reduced/eliminated by providing information and transparency to the system, enabling better knowledge of these investment opportunities .

Through the use of cryptocurrencies and SmartContracts, Blockchain provides the necessary tools to enable society to step out of centralizing agents which traditionally gave confidence to the system. Its impact on the financial sector is particularly powerful, eliminating the irreplaceable role of banks as guarantors between parties, allowing faster and safer payments and especially direct allocation of capital between lenders and borrowers, more efficiently, faster and at lower cost, and even more: enabling access to the financial world to 2 billion people still excluded from it.

2. WHAT IS ETHIC HUB?

Ethic Hub is an investment platform that universalizes access to highly profitable positive impact projects, by directly connecting investors to projects rated by risk level. Evaluation is carried out by people in contact with borrowers, profiting only from on-time loan payments.

At the same time, Ethic Hub is a global crowdlending platform that enables access to groups of small producers from developing countries to lower rate loans than the ones now available to them, benefiting both parties from this exchange.

Regulatory barriers have so far hindered the development of transnational crowdlending platforms; a decentralized system (DAO) operated through cryptocurrency, will facilitate global transactions between investors and borrowers.

Crowdlending platforms grow over 100% annually thanks to their disintermediation of financial sector, directly connecting savers and borrowers. Blockchain allows for a new level of crowdlending development, improving its security and transparency, thus enabling transactions between strangers.

We are quite aware of the enormous responsibility we acquire by choosing this name for our project because it represents our declaration of intentions: We humbly make the commitment to strive every day to improve as individuals, as human beings, and to promote the adoption of collective values that improve our relationships.

We are convinced ethic's main values: justice, responsibility, integrity, respect, honesty, equity, are the basis of constructive relationships.

Our goal is to prove that compliance with these values generates material benefits too, by aknowledging reputation and trust as an asset.

3. WHAT IS LENDINGDEV?

LendingDev is a non-profit organization built to provide services to Ethic Hub. Its temporary function is to define and establish the platform procedures and mechanisms to enable its decentralization once it reaches optimum conditions to become autonomous.

On this initial stage, LendingDev will manage Pre-Sale and ICO resources, selection of personnel and providers for platform development and launching, Local Nodes recruiting and training, individual and institutional investors recruiting, legal services hired on both borrowers' and investors' countries to legally validate all loans, as well as to invest surplus treasury in financing first projects to generate initial ratings.

4. WHY ETHIC HUB?

Mission
Universal access to credit and better investing opportunities humanizing the financial sector.

4.1 Only positive impact projects.

- Only productive projects are financed because they generate value (opposite to credit for consume that generates debt).
- Lack of credit for harvesting has a negative impact on food production. On our initial stage we will focus on this target.

4.2 *Direct P2P economic interaction between investors and borrowers.*

- Financial intermediation is eliminated through Blockchain developed SmartContracts, allowing for faster, more efficient and safer payments. This operating cost reduction enables an increasing profit margin, benefiting mainly borrowers and investors.
- *SmartContracts* with automatically regulated timelocks (defined time span to gather total loan amount), P2P transferences between borrower and crowdfunders (multiple investors), payment times and loan rates for the borrower as well as distribution of profits for investors, Local Nodes and Ethic Hub. Money is directly transferred without involving a third party, not even LendingDev.

4.3 *Only-in-Success Fees.*

We are a unique platform, charging fees only in case of success: that is, once the loan is fully paid. We believe no one should get a profit from a defaulted loan. Within our system, all fees are conditioned to Ethic Hub's real value contribution.

4.4 Guarantee fund for investors.

Once a critical mass of users is reached, each loan will contribute proportionally to generate a guarantee fund to protect the investors, who in case of default, will recover the invested amount (principal), so they would only assume the exchange rate risk. The debt will become property of the guarantee fund, which will manage its collection by different means, even legal, but always aligned with our good practices policies and confirming that such collection does not deprive debtors from their basic means of life.

4.5 *Enabling access to credit for the agricultural sector which is a significant part of the 2 billion unbanked people.*

Thanks to a low cost-in-use system reinforced by an Local Node (project collectors) community, this model allows access into financial sector to small producers who are an important part of the 2 billion people still excluded from it, contributing to built their digital identity and a credit history that will enable them to access other credit entities or suppliers, improving their economy and creating a vast portfolio of investment opportunities.

4.6 *System based on Trust as an asset .*

Ethic Hub capitalizes trust: We recognize the synergy of the community and the value of the multiple bonds between its members. Human Based Economics: an economic credibility based on human relationships and the relational asset of the community: closeness, communication, support, reference and commitment.
For this reason, unlike other platforms, project's risk evaluation is done through people in direct contact with borrowers.

The correct project selection is key point for the platform's success so Ethic Hub is developed on this basis: Local Nodes are Ethic Hub main filter; they locate loan seeking borrowers and help them to register; they personally know the community asking for a collective loan and are able to identify participants and their land; they know if the expected harvest will be a good enough guarantee regarding the requested loan amount; and they keep track of the operation.

Local Nodes link their identification code to the loan's SmartContract, allowing investors to identify them and their success history, thus encouraging Local Nodes to build an assertive reputation to attract more investors towards projects promoted by them.

Once a solid success history is developed by an Local Node, it will enable him/her to register new Local Nodes and obtain additional commissions for it.

The goal is for Ethics Partners to be able to work full time on this job, becoming aware of their credibility turned into an asset.

On the long term, reliable borrowers will develop their own credit history, gaining direct confidence from investors.

We aim for their success history ratings to develop a higher level of confidence than e-Bay's where users won't buy high valued items to sellers without five star records.

4.7 Know-How in project selection.

As producers, buyers and financial intermediaries to agricultural production in rural areas of Chiapas, Mexico, we have field contact and experience; this project relies on such experience and contacts (over 8 thousand borrowers) to develop a scalable and decentralized model.

Providing credits for crop harvesting turns practically risk free when product trade is concentrated in a few buyers, and producers previously agreed to bond their crop to the repayment of the loan, so it would be retained from total amount received from product sale. Countries with agricultural sectors within this scope will be our initial target to lend money and extend the platform to.

LendingDev will be responsible for negotiating agreements with their product buyers and such agreements will be available to the entire Ethics Partner community.

Our project fits perfectly into a rural setting within tightly knit communities which still rely heavily on personal trust to move the local economic life. This facet of our model is critical being that it will be the focus of growth in the initial phase; focusing on group loans for small communities of producers, which support each other, acting as a natural filter to unreliable community members.

Based on previous knowledge, the default level for this sector tends to be within a margin of 3%.

4.8 Born in Blockchain Age.

Ethic Hub was born and raised in Blockchain age, benefiting from its advantages from its conception. Unlike traditional banking, we do not need to adapt traditional financial structures to our model: our architecture is fully supported by and for Blockchain technology.

5. ETHIC HUB PROJECT'S ELEMENTS

5.1 People

People and their ability to connect with each other directly is our model at Ethic Hub and is one of our greatest assets: Ethic Hub relies on technology but people remain the motor of its operations:

5.1.1 Local Node*

Who knows borrowers and has access to their production areas. The Local Node is then able to evaluate *in situ* if the requested capital corresponds to the project's real needs. *See further information on the appendix.

5.1.2 Fully identified agricultural communities (borrowers)

Trading their product within collection centers, i.e.: sugar cane producers: They cultivate their own land but sell produced cane to sugar mills.

5.1.3 Buyers (Collection centers)

Benefiting from the increased volume of production due to increased financing. They will be our collaborators in the facilitation of loan repayment.

5.1.4 Socially responsible investors (lenders)

Deciding where and how to invest their money, evaluating a project's positive impact when they decide in what to finance, and who recommend the platform to other investors based on a satisfactory user experience.

We have identified the following investor types which needs are met the best by our investment vehicle.

- Private investor
  - Cryptocurrencies enthusiast
  - Conscious investor
- Institutional investor
  - Family offices
  - Cryptocurrencies funds
  - Hedge funds
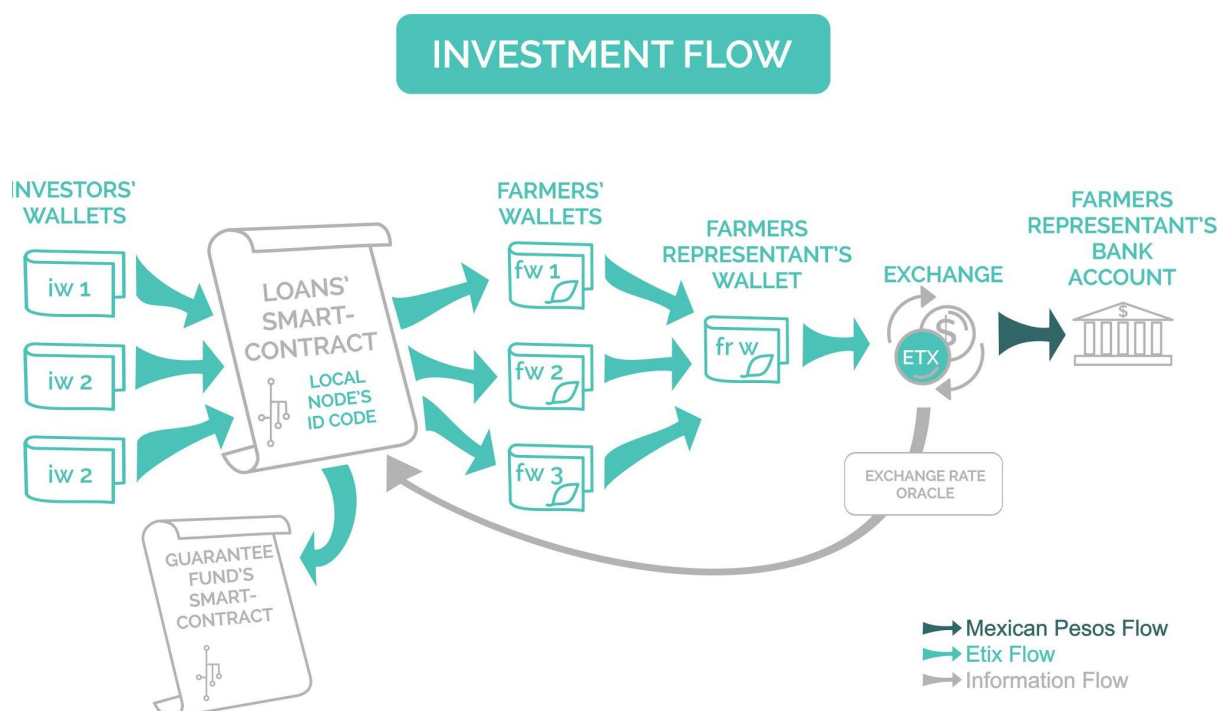 - Venture Capital companies

5.1.5 Agents willing to provide insurance services to investors.

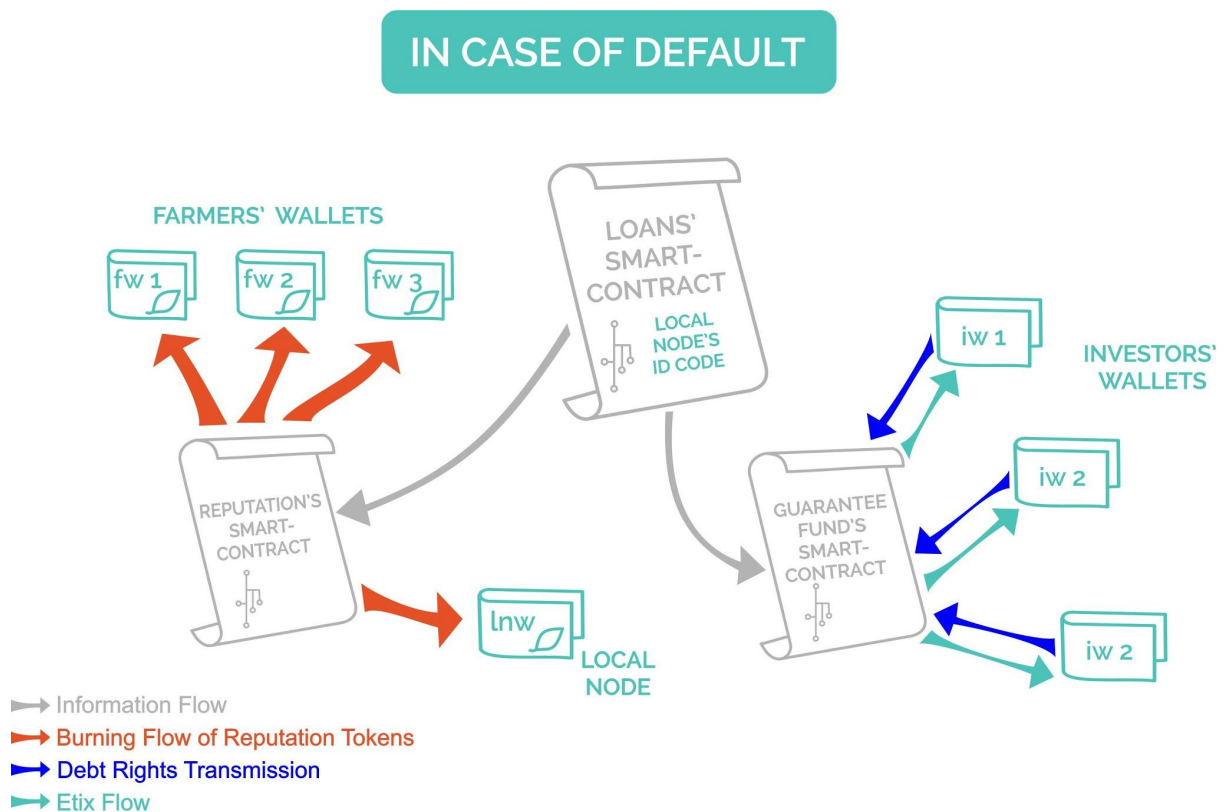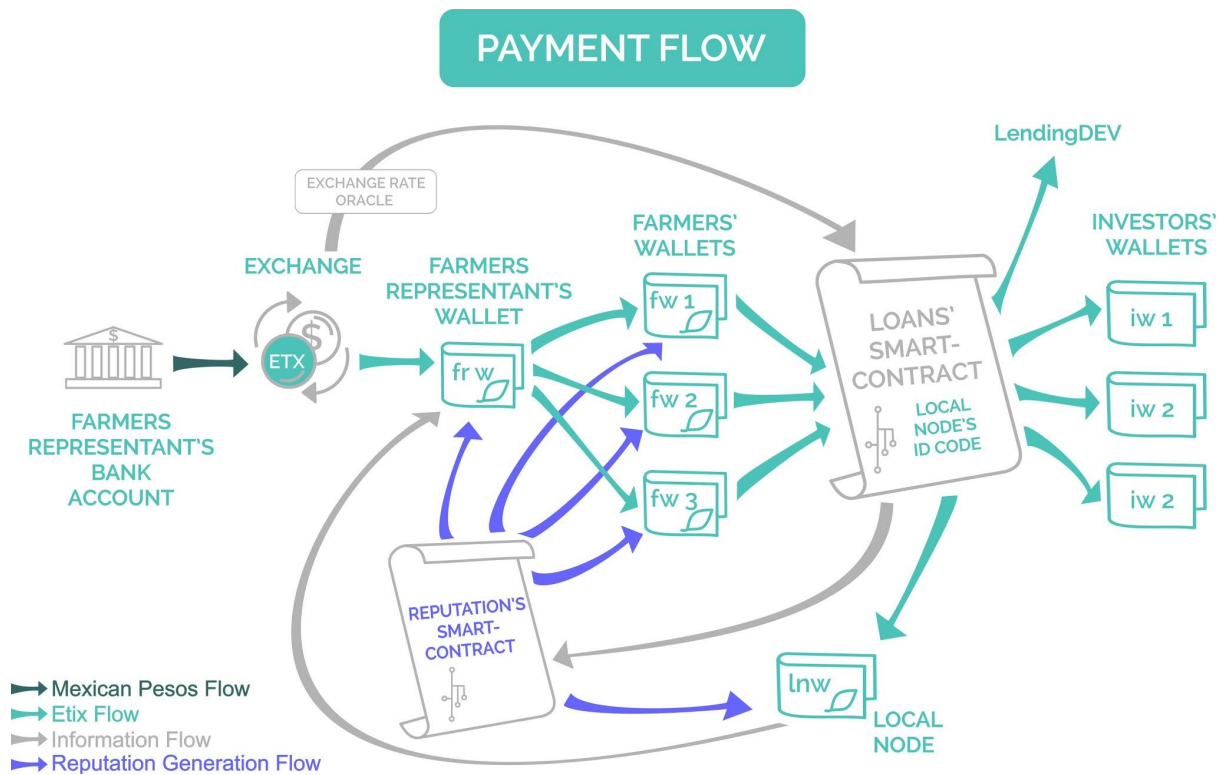### 5.1.6 LendingDev's Staff: a purposefully built, fully aligned and committed to the project team.

5.2 How the platform works.

We adopted the Ethereum decentralized network ecosystem to further develop an already solid and well-known system which supports complex SmartContracts, capable of handling all of the required information to sustain agreements between investors and borrowers as well as pre-determined variables of a loan's duration, interest rates and repayment date, among many others. SmartContracts guarantee established conditions can not be altered later.

Tokens facilitate the transfer of currency , minimizing overhead costs and simplying the system: the Ethic Hub associated Exchange will convert tokens from borrower's *Wallet* to their local currency. When this local currency is used to pay back the loan, the Exchange will convert it again to tokens before transferring them to corresponding investors *Wallets*.

INVESTMENT FLOW

PAYMENT FLOW

- Mexican Pesos Flow
- Etix Flow
- Information Flow
- Reputation Generation Flow

EXCHANGE RATE ORACLE

EXCHANGE

FARMERS REPRESENTANT'S WALLET — fr w

FARMERS REPRESENTANT'S BANK ACCOUNT

ETX

FARMERS' WALLETS — fw 1, fw 2, fw 3

REPUTATION'S SMART-CONTRACT

LOANS' SMART-CONTRACT — LOCAL NODE'S ID CODE

LendingDEV

INVESTORS' WALLETS — iw 1, iw 2, iw 2

LOCAL NODE — lnw

IN CASE OF DEFAULT

- Information Flow
- Burning Flow of Reputation Tokens
- Debt Rights Transmission
- Etix Flow

FARMERS' WALLETS — fw 1, fw 2, fw 3

LOANS' SMART-CONTRACT — LOCAL NODE'S ID CODE

REPUTATION'S SMART-CONTRACT

LOCAL NODE — lnw

GUARANTEE FUND'S SMART-CONTRACT

INVESTORS' WALLETS — iw 1, iw 2, iw 2

5.3 Loan's Life Cycle Analysis:

5.3.1 Borrower recruitment:

Local Node locates and identifies loans seekers, helps them to register into the system and submit the loan request; considering our target group (rural farmers disconnected from financial systems) aren't the most adept users of the digital age. To activate the SmartContract, the borrowers must have previously deposited 3% for the guarantee fund. User data will be separately kept from their personally identifying data.

5.3.2 Risk assessment:

There are two ways to provide risk assessment to investors:
a) Borrower's credit history, once developed.
b) An Local Nodes' success history (rating), based on his/her projects rates of return.
In addition, LendingDev provides each loan with macroeconomic reports of the given sector, country and currency.

5.3.3 Loan financing and interest rate dealing period:

Once the borrower fulfills all requirements, the loan agreement is deployed with an Local Node's ID code endorsing it.

The contract includes the requested loan conditions and a 14-day timelock date as a funding period; if the loan is underfunded at the end of this period, the SmartContract returns their tokens to investors who sent them.

Interest rate will be based on the law of supply and demand. The borrower calculates what his optimal period for repayment will be based on an interest maximum, but if the risk/reward ratio is sufficiently attractive (a high repayment rating), investors will contend for the opportunity to contribute funding to the loan by reducing interest rates.

After 14-day timelock is over, the SmartContract will automatically validate the contributions of investors' whose contributions requested the lowest interest, transferring the requested loan to borrower's *Wallet*, returning surplus tokens to investors who were left out of the crowdfunding opportunity. The associated Exchange converts the borrower's tokens from his *wallet* to his/her local currency and transfers it to the account opened by the community's representative.

5.3.4 Loan repayment period:

Payment date will be reminded to borrowers by the system through different channels, although it will also be responsibility of the Local Node, since his/her own rating will be directly affected by default ratios.

Borrowers will be reminded of repayment dates via various channels within our system, however it will ultimately be in the interest of the Local Node to assure these payments, being that their own success rating will detrimentally affected by defaulted projects.

5.3.5 When payment is done:

When the borrower's payment is done in full and on time, the SmartContract will automatically deduct a programmed and previously agreed percentage of it (Only-in-Success-Fee) and it will transfer the remaining amount into the corresponding investors' *Wallets*. After this action, the SmartContract ceases to be active and an increase of the borrower's and Local Node's success rating is automatically generated. Resulting from this rating improvement, the borrower potentially gains access to apply for a

higher amount loan, or a similar quantity but bound by lower interest rates (both with an equal level of liquidity in the system).

5.3.6 Event of default:

If a borrower fails to comply with the agreed payment terms, his/her reputation tokens will be eliminated with each day of delay. If the grace period predefined in the SmartContract expires, the loan will go into default status and the total of his/her reputation tokens will be eliminated, in addition to proportionally reducing the reputation token balance of his Local Node. In this case, the identity of the borrower will be published in the platform's register of defaulters. The loan's SmartContract will communicate with the Guarantee Fund's SmartContract for it to transfer the principal amount invested to the participating investors, transferring ownership of the debt to the guarantee fund itself.

5.3.7 Unpaid loans recovery

The purpose of the guarantee fund is to give investors confidence to participate in the platform and to ensure that recovery of the unpaid loan is made through actions compatible with our code of ethics. Nowadays, our target borrower has a default rate of less than 3% so loans will be charged a 4% commission to cover risk of default. This commission will be adjusted as default rates fall.

The guarantee fund will manage unpaid loans collection by different means, even legal, but always aligned with our policy of good practices and by no means depriving the debtor borrowers of their basic means of life.

The loan agreement will be subject to Laudox.com arbitration to determine the undisputed value of the credit rights.
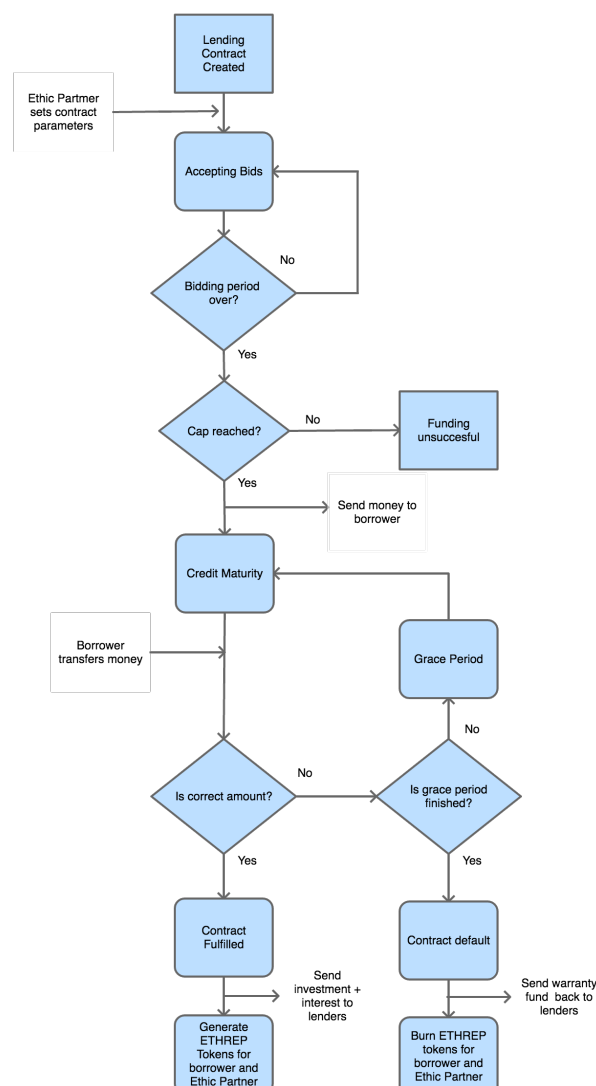
5.4 Timing

Crowdlending platforms grow over 100% annually thanks to directly connect investors and borrowers without financial intermediation. Blockchain allows a new level for crowdlending development by improving security and transparency, facilitating international transactions between strangers.

We are pioneers in this new global economy concept because we are convinced it has evolved from being an element of the approximate future to be present today.

None of this would be possible without the recent development of Blockchain technology:

Cryptocurrencies are already globally accepted as reliable means of value transferring. They can be transferred without intermediaries, from anywhere on the planet between people with a *Wallet*, without borders, safely, at a low cost. In addition, thanks to SmartContracts based on Ethereum's Blockchain network, these transfers are subject to prior compliance of conditions established and approved by the participants.

Digital natives now form the majority of the population of developed countries, and their familiarity with online transactions shapes what we define as a matured investing market, fully prepared for this technology which will revolutionize the way we perceive trade.

6. ETHIC HUB SERVICES

6.1 Investment product.

6.1.1 Private investment.

Access to a portfolio of investment opportunities in previously evaluated developing countries, allowing diversified small tickets to be invested in different loans, thus achieving a great balance between profitability and risk no other platforms can match. Investor's use of the platform fee (Ethics Partner's and LendingDev's commission) in only paid if profits were generated by his/her investment (Only-in-Success-Fee).

6.1.2 Institutional investment.

Access to a new type of asset to diversify your investments, with an attractive return product and high liquidity. Investor's use of the platform fee (Ethics Partner's and LendingDev's comission) is only paid if profits were generated by his/her investment (Only-in-Success-Fee).

6.1.3 New investors referrals:

An investor who is already an user at Ethic Hub, will receive an economic incentive for each new investor they refer to the platform, benefiting from their successful investments and thus motivating them to share their satisfactory user experience.

6.2 Financing product.

Borrowers. Access to the best interest rates available. In addition, we help to build an online reputation and credit history for our users; facilitating their access to credit from other suppliers and even improve other business relationships.

6.3 New jobs Generation

Access for Local Nodes to a new form of self-employment where they can help their community while earning a lucrative merit-based income.

6.4 DataMining services for Business.

Past the initial stage, the database generated through operation will allow many companies, banks, financial institutions, service providers, e-commerce, etc. to increase their client base and to foment

their own knowledge of their needs (previously consulting this users, which would also benefit economically from these agreements).

6.5 Insurance marketing

Insurers and even individuals aligned to Ethic Hub philosophy may offer default and exchange rate assurance services to investors.

7. TECHNOLOGY

- *Blockchain choice.*

At the time of writing several so called 3rd generation blockchains (NEO, Waves, Stellar...) have come forward claiming to improve over the perceived limitations of Ethereum (scalability problems, slow transfers, rising gas price).
However, we chose to start the project on Ethereum due to several key strengths:

- **Developer community**: with 1500+ solidity github projects, a growing number of devs, best practices and tools maturing, we believe Ethereum is the right choice to build a platform now.

- **Future core developments**. The Ethereum blockchain itself is still maturing and evolving, with current efforts directed to improve the volume of transactions (Ethereum Payment Channels) and allow sidechains (Plasma). In the unlikely event operating in Ethereum becomes unfeasible, we will study migrating the functionality and tokens to another blockchain.

- **Philosophy**: Ethic Hub will be an increasingly decentralized platform, and we think that Ethereum is currently the blockchain that better represents that ideology.

- *Architecture of first version.*

A first version of the platform will be deployed pre ICO, accepting ether and generating reputation tokens (REP) to start building our network of trusted borrowers. The first lending contracts will accept bids favoring the first lenders as they come.
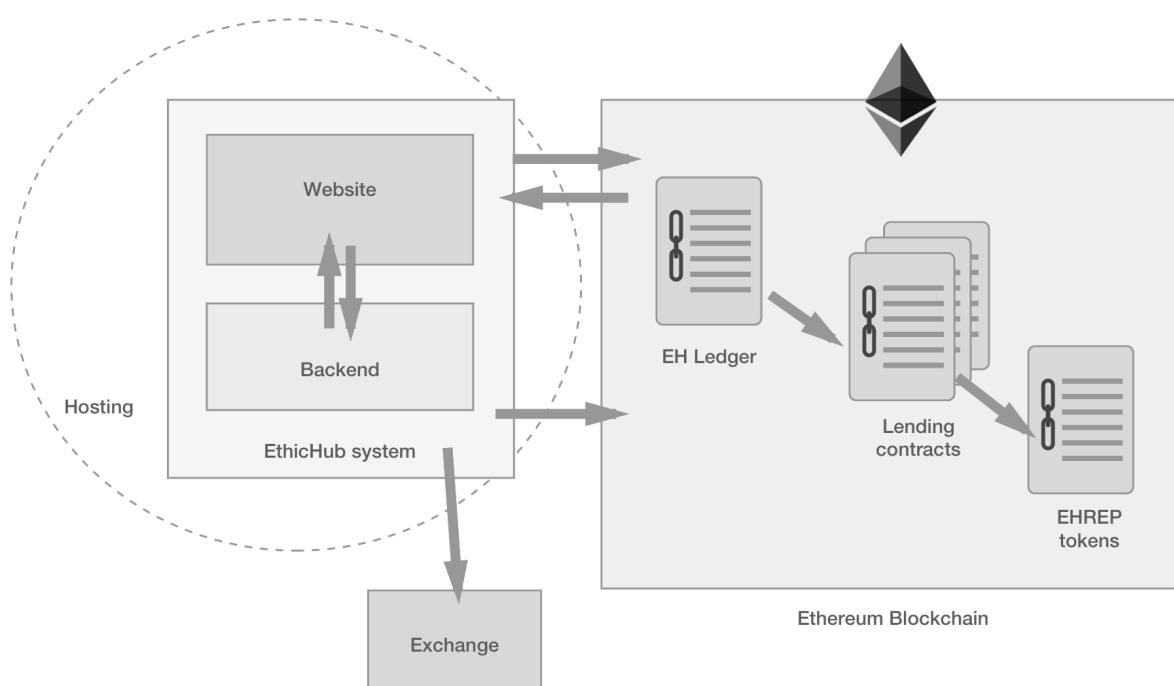
*   *Projected working system*

In the future, ETX tokens will be the currency to operate within our platform. We also plan to modify the Lending Contracts to include a reverse interest auction to select bids, and to add the SmartContracts that will manage the guarantee fund.

We will allow access to the platform using a self sovereign decentralized identity provider.

A Smart Investment system will be added to handle investments for high volume lenders.

When technology allows it, we will deploy our code in a decentralized hosting (like Golem) and decentralized storage platforms (like SWARM or IPFS).
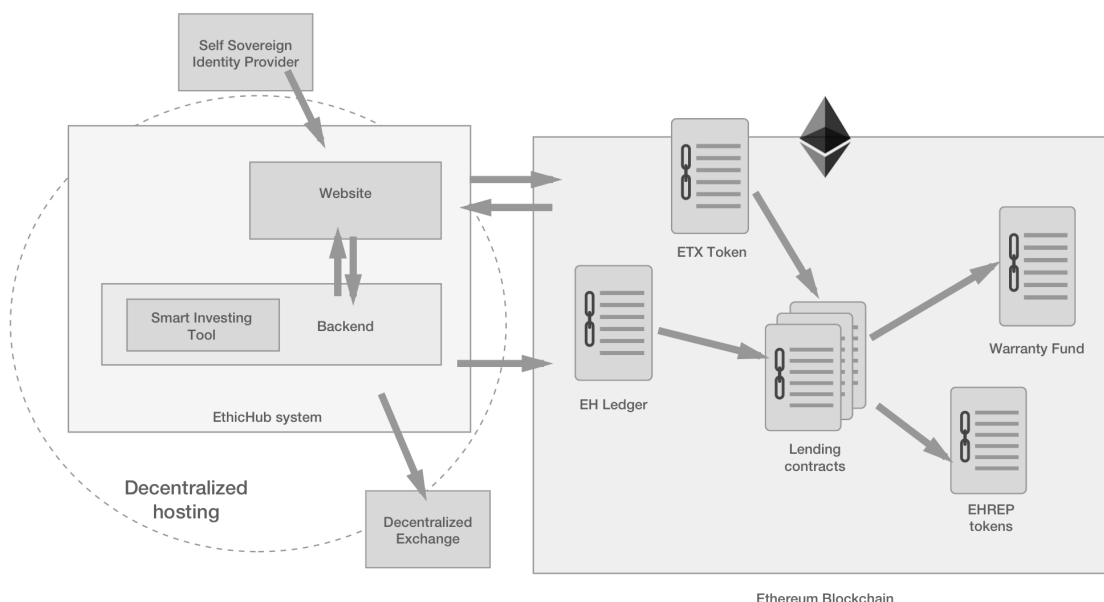
8. ROADMAP

∕ MARCH - SEPTEMBER 2017 ∕
Concept development and validation, Team and advisors selection, Whitepaper and platform's initial development.

∕ OCTOBER - DECEMBER 2017 ∕
LandingPage, prototyping, community building and seed funding.

∕ JANUARY - FEBRUARY 2018 ∕
First EthicPartners selection and training. Selection of the first projects to be financed with funds obtained in the Pre-Sale to generate Borrowers' first ratings. Drafting first Local Nodes Training Manual. Development of platform's first functional version.

∕ MARCH - MAY 2018 ∕
First loans repayment and borrowers, Local Nodes and system's first rating.
Ethic Hub 1.0 version public release and first projects financed P2P.
1st. TokeSale preliminaries.

∕ JUNE 2018 ∕
1st. TokenSale backed with working product and profitability-level experience for the investor.

∕ FROM JUNE 2018 ∕
Developments not included in version 1.0. Diversify to other agricultural products. Open second country.

2nd. TokenSale to start global expansion.

∕ DECEMBER 2019 ∕
Implementation of Ethix as payment method in the platform.

∕ JUNE 2020 ∕
3rd. TokenSale to continue scaling.

∕ DECEMBER 2020 ∕
Implementation of decentralized governance.

9. TEAM

9.1 Founders

A solid team of entrepreneurs with experience in their respective areas: business management, innovation and entrepreneurship, financial intermediation, technological development and marketing.

- *Jori Armbruster / Leadership Node.* University Degree in Marketing. Master Degree in Innovation and Enterpreneurship. CEO Experience in Thisa, B2B distribution company   in Spain with over 100 salespoints. **email** ∕ **linkedin**

- *Pablo Chang / Projects Node.* Industrial Mechanical Engineer. Founder and CEO of Satori Koan, financial entity in Mexico specialized in intermediating credit to agricultural sector with a volume of over 10 million euro and more than 8,000 borrowers. **email** ∕ **linkedin**

- *Raúl Martínez / Technology Node.* Electronics Industrial Engineer, software developer, entrepreneur. U-tad Associate Professor on Mobile Platforms. CTO, Lead developer and Co-Founder of BarSpace, an app to discover all events at bars and pubs in London. R&D Software engineer at Samsung Electronics. Mobile platforms developer **email** ∕ **linkedin** ∕ **github**

9.2 Advisors and collaborators

Our founder team is backed with the support of advisors and collaborators in different areas to globally consolidate the project: Technology, financial, legal and fiscal counseling, content editing and translation, security, social networks and community:

- *Marcos Gutiérrez / Business Development.* University Degree in Advertising and International Business. Head of Marketing in Megadon AG, Switzerland based, cross-sectorial global investor & accelerator company and business builder.   Managing Director for Europe in 99designs, world's largest online graphic design marketplace. Sales and Marketing Manager for Europe, Middle East and Africa at Datacolor, a global leader in color management solutions and color communication technology. **email** ∕ **linkedin**

- *Diego Pardilla / Ethereum developer.* Programmer at Deevop, a professional web development platform. Leader at Shoali, web platform for P2P lending. Collaborador at Apertus - Open Source Cinema. Partner at ConectaLAB. **email** ∕ **linkedin**

- *Qijiong Jiang / Ethereum Developer.* Computer engineer. Master in Machine Learning. Software development. Mobile applications, video crawl. Software Developer at Douban, Beijing, China. Software Developer at Paradigma Digital, Pozuelo de Alarcón, Madrid. **email** ∕ **linkedin**

- *Luis Espiga / Social Economics.* Industrial engineer. Master in Marketing and Sales. 28 years of experience in the IT and telecommunications sector with multinational companies. During half this

time as General Manager and CEO. Founder of The TRIFORM INSTITUTE active for 17 years now in organizational development, corporate identity, strategy and leadership. 6 years as a member of the Board of Trustees of Triodos Bank Foundation in the Netherlands. Lecturer and researcher on Social Threefolding. Experience in multicultural and multilingual environments in Europe and the USA. **email / linkedin**

- *Guillermo Escudero / Social Media Manager.* Mondragon Unibertsitatea Degree in Leadership, Entrepreneurship and Innovation. Director of commercial development and marketing for Artenexo, a project to integrate urban art to commercial and cultural spaces. Co-founder of Cradel, a project launcher focused in arts and creativity, education, and services for companies. **email / linkedin**

- *Gabriela Chang / Design and copy editing.* University Degree on Industrial Design and Product Development. Partner and cofounder in Lab in Action. Founder in DayDreaming, Madrid. Senior designer in Secretaría de Desarrollo Económico, Chiapas, México. **email / linkedin**

- *Aurelio Benítez / Legal Advisor for Mexico.* Legal counsel for BBVA. Specialized in Commercial and Financial Law. **email / linkedin**

- *Iñigo Molero / Blockchain and Communication.* University Degree in Law, Master in Journalism. Co-author of the book "Blockchain: La Revolución Industrial de Internet" Editorial Gestión 2000. Analyst in Oro y Finanzas, digital newspaper about money: Compilation and analysis of information on the financial system and BRICS. Specialized in topics related to Blockchain technology and BITCOIN. **email / linkedin**

- *Fernando Ramos Suárez / Legal Advisor.* Managing Partner DPO & ITlaw. Counseling in Digital Law, Privacy, Compliance (PBC / FT AML / KYC), Corporate Criminal Liability, IT Consulting Online Business (Protocol, Bitcoin, BYOD, Electronic Signature, IoT, Cloud Computing). Formerly National Director of the Department of Intellectual Property and ICT of LENER Legal and Economic Advisors. Expert Europrise (European Seal in Privacy www.european-privacy-seal.eu). External Expert SEPBLAC (2011) PBC / FT or AML / KYC. Auditor AENOR legal issues ISO 27001. Collaborator of the Spanish Science and Technology Foundation (FECYT) 2007/2008. Legal expert in the study "PKITS" of the Currency and Stamp National Factory. Year 1999. Member of the Commercenet Expert Circle, legal issues. 1998/2008. Professor: Instituto de Empresa (IE), Master Telecommunications Carlos III, Master Transmedia Carlos III-RTVE. Specialties: Privacy and Data Protection, Computer Contracting, Electronic Commerce (Electronic Signature, Electronic Evidence), Intellectual and Industrial Property, Compliance in Prevention, Money Laundering and Corporate Criminal Liability. **email / linkedin**

- *Javier Catalá / Front-End Developer.* Design of User Experience and Scrum master. Bachelor in Business Management and Administration and with studies in Mathematical thinking, Marketing and Advertising. Self-taught developer. He has developed his career in equal parts between positions as a developer in large companies and as an serial entrepreneur. **email / linkedin**

10.APPENDIX

10.1 Ethical Decalogue

Ethic Hub aims to improve facets of the current financial system, particularly ethics and thus endorsing UN Global Compact´s Ten Principles and establishing it as a code of conduct to everyone related to Ethic Hub, from lenders to borrowers, from Local Nodes to Investor Recruiters, from suppliers to founders.

These 10 principles are drawn from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Make sure that they are not complicit in human rights abuses.

Labour
Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: the elimination of all forms of forced and compulsory labour.
Principle 5: the effective abolition of child labour.
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7: businesses should support a precautionary approach to environmental challenges.
Principle 8: undertake initiatives to promote greater environmental responsibility.
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.

Project's Own Values:

- *Equal Opportunities.*

We believe in a world with equal access to opportunities and we want to contribute to make equal rights to every citizen of the world a reality. Correcting misallocation of global capital is our project's main motivation, but also correcting many of the unfair aspects of the current financial system. Within our system, fees are conditioned to the real value of contributions so they are charged only in case of loan repayment.

- *Community.*

We believe in the community's synergy and its members' multiple ties and bonds value. We consider a community to be a group of people whom interact with eachother, generating value through these interactions: proximity, communication, trust, support, reference, commitment. For this reason, unlike other platforms, our risk assessment is carried out by people who personally know the borrower (Ethic partner/project collector).

We believe in mutual profit as wealth generator.

- *Confidence.*

Aiming to facilitate loans between people of different places and customs requires the project to be perceived as an example which conveys the trust between people. We are confident in the fundamentally disruptive nature of Blockchain technology with respect to the current financial paradigm; and we want to be one of the principal contributors to this decentralization process.

We want users to be aware of trust value as an asset by encouraging borrowers and Ethics Partners with better success rating.

10.2 Aknowledgements

10.3 Challenges

10.3.1 *Currency exchange risk*

If a borrower takes out a loan in a currency other than his own, and the value of this business operating currency depreciates during the loan's term, in practice it means the borrower will have to bear a much higher interest rate than initially agreed, highly increasing default risk. A borrower does not have investor's ability to diversify his exposure to exchange rate risk. Thus, it is necessary to consider that borrowers must repay the money in the currency in which his business operates.
Exchange rate risk should be assumed by investors because they are more capable to analyze them (properly managed can even turn into opportunity for them by investing in countries where they consider there are better macroeconomic conditions for the exchange rate factor to improve profitability instead of reducing it. In fact, lending money through Ethic Hub is a way to diversify investor's asset portfolio with high yielding manageable risk investments.   In addition, insurance services of the exchange rate will be offered to investors who do not want to assume this risk, in exchange for sacrificing part of their profitability.

10.3.2 *Cryptocurrency volatility*

A cryptocurrency value large fluctuation could only be a risk during crowdfunding period (14 day timelock); to prevent from it, the SmartContract will automatically call off the process if a decreased value means borrower does not receive at least 80% of requested amount.
During loan's period, such fluctuations are not relevant since cryptocurrency will only be used to transfer money between investor and borrower, and each of them will receive it in their respective currency, i.e. Pesos and Euros: the parity between Euro and the cryptocurrency will always be very similar to the parity between Peso and the same cryptocurrency.

10.3.3.*Trust*

Being confidence the great catalyst of credit, we focus on it to provide transparency and solutions that convince investors and borrowers: We bet for Blockchain and SmartContract for their ability to establish safe and inviolable conditions to transfer securities subject to compliance of such conditions.
According to retail loan traditional approach, borrowers avoid default for two main reasons: negative consequences on their future economic solvency and legal action leading to confiscation of property or bankruptcy. Ethic Hub Protocol considers negative repercussions concern as an important part of the risk assessment mechanism described above. Traditional tools of the established legal systems will be also applied in the platform, being that loans are supported by valid legal documents in the borrower's country.

Additionally Ethic Hub creates a third motivation to avoid default: Personal relationship. The figure of Local Node provides this link; a professional contact whom is personally aquainted with the borrower and his personal environment.

10.3.4 *Privacy*

An individual's credit profile and financial history are extremely sensitive data. Protecting the privacy of borrowers is a critical element for the Ethic Hub Network and yet lenders need access to this essential data to make smart investment decisions. In order to protect both the privacy of users and the security of the system we provide a certification mechanism which do not contain borrower's identity details. Debtor's identity will be unveiled only in the event of defaulted loan and will be registered in the platform's Defaulting Debtors record, accessible only to registered credit institutions.

10.3.5 *Money laundering*

In accordance to the ethic code we are promoting, we want to comply with all AML (anti-money-laundering) regulations, adhering to KYC (Know your client) standards, applying filters like Norkom (database for client filtering used by banks) and working exclusively with Exchanges that comply with these regulations.

10.4 Project's risks

10.4.1 *Regulatory Risk*

To this day, there is a significant legal gray area regarding international crowdlending or anything cryptocurrency related , although this situation will most likely change in the future. Regulations compatible with Ethic Hub's business model will be great news; if not, our system would make the required modifications to adapt to resulting legal frames.

10.4.2 *Political Risk*

An unexpected risk associated with the promotion and success of this new financial system will possibly be found in governmental resistance to the change. Some countries may exert their political power to prevent funds outflow or even declaring Exchanges as illegal, impeding borrowers from repaying their requested loans despite their best intentions; selecting countries remains investor's liability but doing it wisely prevents largely from this kind of risk. Ethic Hub will provide investors with quarterly reports of risk situations in the countries where the platform operates.

10.4.3 *Sybil Attack*

Sybil Attacks (one person with multiple identities) are harmful to the extent that one borrower may obtain several loans under different identities. Lending money to strangers through peer-to-peer on-line platforms is fairly risky. In 2014, fraud was responsible for 12% of online lending industry losses.
The risk assessment associated with identity fraud within a decentralized-international context is even more problematic. This is one of the main reasons why Ethic Hub promotes a Local Node figure, who practically eliminates this risk by personally identifying borrowers and geolocalizing their home and productive land.

10.4.4 *Malicious Local Nodes*

Local Nodes necessarily must be trusted individuals to make the system work, preventing any fraudulent testimony relative to a project's solvency or borrower's identity. This risk factor must be controlled by an adequate accountability and qualification mechanism aimed towards the detection of fraudulent certification (i.e. creating a misleading impression of an analyzed loans portfolio with an slightly above the average repayment rate). It is crucial that Local Nodes may be trusted by investors through various means of verification, including supervision by an internal auditor, who should complement the work of any public audits.

10.5 Legal aspects

Our legal Advisors are working on this part of the technical report to be included in the final version of the Whitepaper.

10.6 Future work

There are many possible avenues of development in the future. The following areas, not listed in order of priority, are considered into our Road map:

10.6.1 Automated Investing Tools

Automated investing tools provided by traditional crowdlending platforms have become increasingly valued and used by investors (38% in Europe 102.)
In the future such tools should be available on the loans browser, even though on initial version they are very basic. Investment bots are becoming increasingly prominent in the financial world so a future integration of a wide range of them will be essential to development of the system.

10.6.2 Decentralized credit assurance

Our strategy can not be centered on token collateralized loans as other projects do, since most of our borrowers are people with credit access difficulties who do not have tokens. However in the future, tokens holders aware of a borrower's reliability may be interested in endorsing them with tokens.
In the same way, exchange rate experts might be interested in assuming exchange rate risk by seeing economic opportunity in it.

Resulting from this double SmartContract assurance, profitability could be guaranteed for the investor by partially reducing it in exchange for avoiding both default and exchange rate risks, opening up investment opportunities to an almost infinite universe.

10.6.3 Debt without maturity

Loans without maturity acting as perpetual debt may become an option to partially replace high interest credit card debts, solving a growing problem in our borrowers' environment (sometimes this being their only way to access credit).
In this way, balancing of world's misallocation of capital would be achieved faster, allowing borrowers to keep their investing ability by paying only their loan's interest. First, for this use case to prosper, it is necessary to develop a secondary market where investors can sell their rights over that perpetual debt.

10.6.4 Secondary Market Functionality

Lenders largely value an investment's degree of liquidity, as evidenced by the fact that many big lending P2P platforms have heavily invested into the integration of Secondary Market functionality. This functionality is intrinsic to our system since the standard loan protocol includes the ability to transfer collect debt rights, from one investor to another. Later on, a Secondary Market trading area will be developed.

10.6.5 SmartContracts for commission's payment

To solve the conflict generated by conditioning commissions to success, it is important to enable a SmartContract for their payment, since Local Nodes incur expenses from the beginning of their work, but it will be necessary to wait months or years for the loan's expiration date in order to verify it has been properly paid. Such SmartContract would pay the commission in full, but retaining it until the end of loan's contract. This retained commission could be mortgaged to obtain liquidity, as long as the Local Node assumes responsibility for this advanced payment in case the loan is unpaid.

10.6.6 *Local Nodes Universities*

The Local Node figure is key for selecting reliable projects. Their training and trial period is a bottleneck to platform's growth. One of the most important future works to solve this weakness is to identify the key competencies for this work, creating a course to develop them and to promote their distribution in universities or training schools. To foster healthy competition, a trainers rating will be created based on the success of their former students. Best schools' students will get higher exit ratings so they would be able to earn more money faster so they would be willing to pay more to attend the best universities, which in turn is an incentive for schools to take care of the quality of their students.

10.6.7 *Investment Gamification*

Once there is a sufficient number of loans and countries in the platform, there will be a large difference in profitability depending on investment strategies. This environment will generate a best investors ranking based on obtained profitability and it will even give prizes for best investors.
In addition, we want to develop social functions between investors. Allowing for example for a closed group of friends to compete for being best investor, providing the specific screens to promote such competition.

10.6.8 *Project filtering decentralization*

In an initial stage it will be the responsibility of LendingDev to validate that projects uploaded to Ethic Hub comply with the ethical code defended by the system, but the ultimate goal is for this filtering to be done by investors within the policy of decentralized governance.

10.6.9 *Debt renegotiation Functionality*

In the future we would like to allow borrowers to request a debt renegotiation in case of any unforeseen event that has led them to default. In that case, it would be the Local Node's responsibility to meet the borrower to understand the cause of default and to propose new conditions to investors for their debt repayment. A new SmarContract will be generated with these conditions to replace previous one if a majority of lenders vote in favor of the proposal.

10.6.10 *Integration with Self-Sovereign Distributed Identity Services.*

The database generated through operation will allow many companies, banks, financial institutions, service providers, e-commerce, etc. to increase their client base and to foment their own knowledge of their needs (previously consulting this users, which would also benefit economically from these agreements). *In order to enable the users to profit from the business intelligence services, gamify investments and other future developments, it may make sense to integrate with some of distributed self-sovereign identity services. At the moment of writing, the candidates are uPort and whatever results of the ongoing discussions on EIP#725*

10.6.11 *Measurement of the impact of the projects.*

The Ethic Hub community has demanded that in the future the loans should not only be evaluated according to their level of economic risk, but also the social and environmental impact generated by these projects. This way Ethic Hun will encourage borrowers to work on these aspects to achieve better conditions.

10.6.12 Own blockchain.

Our vision of governance is a hybrid between proof of work and proof of stake since active users, investors in loans, borrowers, local nodes, and contributors to the development and promotion of the project (workers), earn governance tokens (stakers) . This model of governance is not replicated by any blockchain when it comes to defining mining when it really may be the best possible solution.

We started the project on the Ethereum network for pragmatism and for our way of understanding the funding of a startup, it seems ethical to raise millions of Euros if the underlying business model is not proven.

When we have validated our business model, and we have a community and an important volume, we will have to rethink that blockchain fits better with our values, and if there is still no operational blockchain that is really aligned with our vision, we understand that it will be our moral obligation propose that new blockchain.

10.7 Description of Local Node Functions

10.7.1 Why Local Node.

We decided to name this figure Local Node because he/she will be the networks' node that lands the project on each locality to connect it to the different actors of the system.

10.7.2 Local Node Functions.

The Local Node links borrowers to Ethic Hub platform.

The Local Node, after training and acquiring the skills, knowledge and values of the platform, identifies and promotes its use within the communities where he/she has influence.

10.7.3 Individual Identification of Producers.

10.7.3.1 Objective

The goal is to register their productive, associative and financial compliance activities to build them a digital identity with all these records.

10.7.3.2 Official Identification

Each government issues some form of official and fiscal identification for each citizen; This document specifies name, date of birth, address and a code to differentiate each individual from another with similar data.

10.7.3.3 House Geolocation

The official address that appears in an identification is not enough information, so a geolocation (GPS) must be obtained to verify this location.

10.7.3.4 Geolocation of the cropland

Ownership of the farm land is usually documented in a public deed. But in the case of ejidal agricultural property, only the rights of usufruct are obtained, so there is no public record of these rights transferences among the farmers, that is why a polygon with position points must be drawn.

10.7.3.5 Fiscal Registry

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10.7.3.5 Fiscal Registry

The Local Node will check borrowers are up to date with their tax obligations because if they are not, they could be patrimonially affected and thereby have a negative impact on the ability to pay the loan.

10.7.3.6 Family composition

Identify the family members, mainly the wife and children of legal age, determine the family's financial needs, as they compete with the ability to pay.

10.7.4 Integrate financing project information

- Members
- Social object
- Constitutive Act
- Guarantee Fund
- Period
- Amount

10.7.5 Management of dispersion of ministrations and payments to the investor

10.7.6 Establishes the relationship with the marketing system.

- Storage agreements.
- Price fixing.
- Retention of payments.

10.7.7 Promotes group's organization

- Training in decision making
- Resource management
- Administration
- Technological transference

10.7.8 Local Node's Profile

It is a digital native that:

- Establishes communication via internet.
- Stores data
- Feeds a photographic record.
- Opens Wallets.
- Is digitally trained.
- Approved courses on protocols and ethics.
- Lives or has family members in the community.
- Works in coworking with other Local Nodes.
- Rates this source of income as his/her principal.
- Can easily access the croplands.

Our Local Node is someone personally linked to a rural population, either as another producer's son or family, or as home or farmowner himself.

Local nodes have the skills and equipment to connect to the internet, store digital information, manage email accounts, wallets, photo albums and take courses online.

They help rural producers, who usually do not know these digital media, to gather as a cooperative group to set up a financing project and place it on the Ethic Hub platform.

In order to carry out these functions, they reliably identify each producer, their houses and farm lands. They help to set up the cooperative group, distribute the responsibilities, establish commercial relations with the storage warehouses.

They advise on compliance with tax regulations and how to process bank accounts and distribute funds.
They do a follow up on the application of resources, product delivery and loan payment.

The Local Node keeps the investor's contact chat updated with the project.

The income obtained by the Local Node comes from the successful projects and it is considered sufficient as to be their main source of income.

Aligned with this interest, Local Nodes want to increase the projects' need of funds,so they motivate the cooperative group to improve the productivity of the plantations with better farming techniques which will require an investment and therefore a credit that will result in better standard of living for the producer.

Local Nodes's access to Internet provides them with knowledge about coffee stock market's behavior so they can advise the producers to obtain better sale prices, reach an economy of scale to acquire supplies and be aware of market's international news that may influence their economy.

10.8 FAQs

10.8.1 *What are the commissions charged by Ethic Hub charge and what interest do the borrowers pay?*

Third parties fees in Ethic Hub network total 7%; a majority of it (about 4%) belonging to Local Node's commissions; approximately 1.5% to increase investors recruiting (although cost will be much higher on first years); the rest of it is used to cover platform's development and general costs as well as Institutional Investments recruitment costs. In the future rates may be adjusted since LendingDev is a non-profit organization.
In addition there will be an Exchange commission charged for each conversion according to supply and demand law, choosing each time the Exchange that offers the best conditions. 2% will be approximate cost for borrower.
To overcome investors' hesitation to such an innovative product and to compensate for exchange rate risk, we need to offer a net profitability of about 15% (before exchange rate risk).
All in all, our hypothesis is that the effective interest supported by borrowers for annual loans amounts to about 27%. Currently this same borrower profile, if able to get credit at all, is supporting interest rates above 100%.

10.8.2 *Is there a minimum and / or maximum amount for the loans?*

At the beginning, and since the initial development and promotion will have a significant cost, we will focus on loans between € 1,000 and € 2,000 per borrower, aimed at small farmers in Chiapas, Mexico, choosing this area due to our previously attained know-how relative to how to obtain minimum rates of default in these communities and it meets the objective of facilitating credit access to unbanked people, in addition to being projects with a positive impact.

10.8.3 *How can I contribute my bit to make this project successful?*

Participating in our <u>Telegram</u> and <u>Rochetchat</u> to give us feedback with your valuable opinion. It would be very useful to help us spread the project by word of mouth. Of course, you can also contribute even if you only buy symbolic amounts of tokens in the Pre-Sale! Finally, if you want to get even more involved, we are happy to receive collaboration proposals. This is a project with infinite potential and we are going to need lots of hands and lots of heads!

10.8.4 *How are we different from similar projects?*

We are the only platform that charges commissions only in case of success, that is, once the loan has been paid. We believe that no one should benefit from an unpaid loan.
Our strategy to capture and evaluate projects is based on people. At Ethic Hub, Local Nodes are people linked to the community they serve. They benefit directly from maintaining and increasing their good reputation based on the accurate valuation of the projects they select. Local Nodes also generate another competitive advantage: they are the best way to identify users (probably the greatest problem of decentralized P2P loan platforms, since it is impossible to validate the existence, nor moral quality of someone asking for a micro-loan from across the world).

SaltLending and **CoinLoan** are focused on token guaranteed loans, so it will remain a niche project until an important economy's tokenization process is generated. Its borrowers are already banked.

Eth-lend also had this approach but it seems they have pivoted to allow unsecured loans, perhaps considering the above. They have a very interesting point: to issue a generated according payment history cryptocurrency; ownership of it allows you to apply for unsecured loans in regard of such cryptocurrency amount. Their system therefore presents a roadmap to future unsecured loans, but with a long-term scalability. Their borrowers are already banked.

Everex is a project based on remittance transfers between countries, although it also has microcredit functionality. As *ETHLend* it shares the concept of a currency representing user's reputation but with a trade approach that we don´t consider.

Our main differentiation on **Dharma** is its macroeconomic approach based on rating providers to value the loans. Our microeconomic approach is based on the fact that a personal approach to evaluate a small farmer in the other part of the world is better than one based on data. It does not intend to launch an ICO to finance the project so the system and its diffusion will take longer to develop.

Ripio, **Lendoit** and **Fintrux** have a profile very similar to that of Dharma, introducing some additional components, such as guarantee funds, unpaid auctions or people in local for the release of funds, but always making a selection of projects based on datamining and so on with little capacity to reach the unbanked ones, which mostly lack sufficient data.

Although **Micromoney** is neither a crowdlending platform nor a decentralized system, it offers credits to unbanked users, at very short terms and very fast, with very high interest. Its *machine learning* based scoring system gets around 26% default against our system's 3%, and their loans cost between 100% and 400% per year compared to 25-50% we can offer.

Bitbond is a non-decentralized transnational crowdlending platform based on Bitcoin loans. Unlike us, their target clients are not unbanked people. It competes in improving interest rates that banked people pays.

Kiva offers credit through NGOs and other local agencies in developing countries. Since they don't use cryptocurrencies and due to their project capture channel cost, borrowers pay same or even higher rates than in our system, but without offering investors' profitability; Kiva lender's motivation is to make a positive contribution to the world, not to make money. Ethic Hub balances both for having even greater impact, since offering good returns to investors can potentially redirect even more money to those 2 billion people.

In summary we could say that the platform more comparable with Ethic Hub is Kiva since the values and the target and the selection of projects are similar. And what differentiates us is that thanks to Blockchain and the Ethic Hub cryptocurrencies, offering similar costs to the borrowers, it allows to offer a good profitability to the investors and in this way we want to promote a fair win-win relationship.

10.9 Glossary

Suggested: 2 different ones: ·General terms Glossary and ·Project's term Glossary

AML
Anti Money Laundering

B2B
From Business to Business.

Big Data
Massive data that can not be handled or stored in a traditional way because of its volume.

Bitcoin
Criptocurrency, payment network and use protocol. Currently, best valued virtual currency.

Blockchain
Distributed, immutable and permanent database simultaneously stored in different nodes (computers) independent of each other and intercommunicated in such a way that information can be accessed from any of them as if it were locally stored . This only for writing database can not be erased or modified; new information can be added by consensus.

Cryptocurrencies
Digital exchange medium. Virtual currencies allow transactions and can be exchanged for money in real world.

Crowdfunding
Financing network (micropatronage) of collective contributions.

Crowdlending
Collective loan financed with private capital.

DAO
Decentralized Autonomous Organization

Decentralized
As opposed to centralized, it refers to databases that are not concentrated on specific servers but distributed on multiple nodes. Decentralized organizations:

EIP
Ethereum Improvement Proposals (EIPs) describe standards for the Ethereum platform, including core protocol specifications, client APIs, and contract standards.

Ether
Ether is a cryptocurrency related to Ethereum platform and can only be used within it. Second most valued virtual currency.

Ethereum
Software for developing decentralized applications that operate "exactly as they are programed, without possibility of interruptions, censorship, fraud or interference from third parties", in words of Ethereum Foundation (swiss organization regulating it).

Exchange
Exchange for FIAT and cryptocurrency.

FIAT
"Fiduciary Money or FIAT is currency a government has declared to be legal tender, but it is not backed by a physical commodity. Fiduciary money value is derived from supply and demand law rather than material value money is made of. Historically, most currencies were based on physical products like gold or silver, but fiduciary money is based solely on faith and credit of the economy. " (www.investopedia.com) Examples of FIAT money: Euro, Dollar, Peso, Yen, Sterling Pound , Swiss Francs…

Gas
Cost per virtual transaction charged by nodes' operators (miners).

Governance
Platform's management

ICO
(Initial Coin Offering) New form of collective financing through selling cryptocurrencies/tokens issued by the requesting company .

Know Your Customer (KYC)
ID Protocol for companies or entities to identify clients they make business with. The purpose is to verify the legitimacy and existence of the client (https://criptonoticias.com/informacion/glosario/#axzz4thAA7bAu)

Landing
Initial website to introduce a project to future investors.

Node
Each decentralized storage point (independent computers).

Norkom
Financial crime and compliance software created by Norkom Technologies.

P2P
Peer-to-Peer (from person to person)

Platform
Term used in this Whitepaper to refer to Ethic Hub and its system.

PreICO
Initial funding round.

PreSale
Preico

SmartContract
Residing program within a system not controlled by any of the parties or their agents and executing an automatic contract. When a pre-programmed condition is triggered, it is not subject to any human valuation: the SmartContract automatically executes the corresponding contractual clause.

Token
Value unit issued by a private entity.

Vesting

Expression commonly used in venture capital. Start-up employees' stock option rights are transformed into company's shares only after certain temporary milestones have been met. (http://www.recari.es/detalleGlosario.php?sec=4&id=151)

Wallet
Interface and software application that allows access to a Blockchain address where a certain number of cryptocoins are stored.
(https://criptonoticias.com/informacion/glosario/#axzz4thAA7bAu)

Whitepaper
Project's informative and promotional document.

Ethic Hub

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