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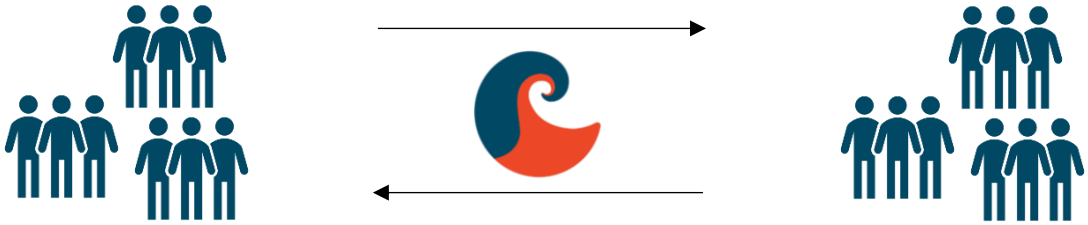
Executive Summary

Mission

To reduce the cost of capital for borrowers in emerging markets and increase the return on investment for lenders by using innovative marketplace lending solutions, state of the art blockchain and machine learning technology. Arkadia Lending will connect borrowers in emerging markets with lenders through our blockchain-enabled online platform.



Borrowers
Borrowers in emerging markets make fixed monthly repayments with interest. These are paid to lenders.

Arkadia Lending
Our blockchain platform enables creditworthy borrowers to make loan applications. We facilitate the paying of loans and repayments for lenders.

Lenders
Lenders use our platform to make an account and provide funding to individuals and organizations in emerging markets.

Problem Overview

Small retail investors face a distinct lack of options when choosing where to invest their money. The best opportunities often have large minimum capital requirements or require investment in illiquid markets. This creates significant barriers to entry. While fintech innovations have led to incremental improvements in recent years, there are still many sectors and geographies that are off limits to retail investors.

Borrowers in emerging markets also face numerous problems when attempting to access sources of capital. Due to the lack of competition and the inability of lenders to accurately price risk, many are charged rates of interest far in excess of the market clearing rate.

Arkadia seeks to solve these problems by using a novel business model and blockchain technology, establishing a cross-border marketplace lending platform that will allow retail investors to lend money directly to borrowers in emerging markets. By leveraging the competitive advantages provided by the Arkadia Lending platform, we intend to branch out into the marginal areas of the market currently underserved or ignored by existing financial institutions. This will bring financing to many worthy projects and allow retail investors to achieve higher rates of return than on the high street.

Core Objectives

Reduce the cost of capital for borrowers and increase returns for lenders
Existing solely as a digital platform, Arkadia will reduce the typical margin costs that banks incur between deposit holders and borrowers. The benefits of this cost reduction can then be shared by the two parties involved.

Through utilising novel datasets, an on-platform prediction market and machine learning algorithms, Arkadia will be able to more accurately price credit risk in emerging markets. This will allow us to expand our addressable target market beyond what existing financial institutions currently serve.

By working with trusted and competent local partners, we will take advantage of local expertise to better assess credit risk and formulate our risk scoring algorithms more appropriately. These local partners will also be tasked with vetting potential borrowers and verifying identities to reduce the risk of fraud. Arkadia will provide a secure channel for the transfer of funds from lender to borrower, where at no point during the process will our partners hold client funds.

Our use of blockchain technology will ensure a secure and efficient platform. It will facilitate our commitment to transparency and mitigate the risk of platform fraud. Where practical, it will also enable cost savings in terms of platform operation.

Enable socially responsible lending to facilitate emerging market development
Arkadia will endeavour to facilitate lending that will further the development of emerging market economies, providing finance to individuals and organisations that would otherwise be unable to obtain it.

Involvement with dependable local partners will be paramount, ensuring ethical practices are followed when dealing with borrowers. Borrowers will fully understand the commitments they are making and the terms of the loans. If borrowers are unable to repay, measures for debt collection must be proportionate and reasonable.

Build an immersive, fun and rewarding user experience
Arkadia is committed to building a platform that provides users with an enjoyable and fulfilling experience, knowing that their investments are helping to build a better world and making people happier.

Throughout their interaction with the platform, Arkadia will guide lenders through an immersive user experience that provides analysis of their investment decisions. Resources will be provided to educate parties on both sides of how to optimise their strategies and improve their current holdings.

Introduction

Arkadia Lending aims to reduce the cost of borrowing for individuals and organisations in emerging markets, providing finance for those who need it and increasing returns for lenders. We will achieve this by establishing a marketplace lending platform that leverages novel data science techniques, state of the art blockchain technology and relationships with trusted and competent local partners.

In contrast to many marketplace lending platforms that focus solely on domestic markets, we will focus on lenders in developed nations and borrowers in emerging markets. The Arkadia Lending platform will act as a marketplace lending fund, allowing lenders to invest in diversified loan portfolios. New portfolios will change and adapt according to our analysis of which countries will perform best for our lenders. This will be informed by the data collected from our decentralised prediction market function.

Around 2 billion people are unbanked,[1] without access to the most basic financial services. The number of individuals and organisations unable to secure financing will be even higher due to a lack of credit data, with most falling outside the risk tolerances of banks. There is huge potential for credit providers who can accurately assess the credit risk of these groups and provide financing at a lower cost to income ratio than existing financial institutions.

Arkadia will work with credit providers in emerging markets, offering cheaper capital via a technologically advanced platform. We will cater for local demographics and collect data from previously untapped sources. Our aim is to expand marketplace lending into the marginal areas of the market currently underserved or ignored by existing financial institutions, complementing them rather than competing directly.

The Arkadia Lending platform will make use of blockchain technology and machine learning algorithms to support its mission. The use of blockchain will provide an immutable digital ledger for transparency and enable costs savings for platform operation. Decentralised applications (DApps) will be utilised to provide a market maker function and on-platform prediction market. These will support portfolio building and provide liquidity to the secondary market for loan portfolios. DApp participants will be able to earn tokens or fiat currency from these functions, which in turn can be used to invest in loan portfolios or taken off-platform.

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[1] http://www.worldbank.org/en/programs/globalfindex

Marketplace Lending

Overview

A combination of emerging technologies, consumer behaviour, regulation and circumstance are eroding many of the competitive advantages that existing financial institutions once held over new market entrants. These developments have occurred at a time when interest rates are at historic lows and seem likely to remain at similar levels for the foreseeable future. Alongside changes to the regulatory capital requirements for banks, these factors make generating returns above the cost of capital an increasingly challenging proposition.

This confluence of factors has created ideal conditions for technology-enabled entrants to challenge the integrated banking model by acting as the conduit between borrowers and lenders, bypassing incumbent financial institutions. Arkadia seeks to take advantage of these factors to offer a cross-border marketplace lending platform that will offer finance to emerging market economies.

Marketplace Lending Explained

Marketplace lending allows individuals and companies to directly lend their capital to potential borrowers. The platforms enabling this process do not take deposits or lend their own capital, but instead act as an intermediary for borrowers and lenders. Therefore, they assume no risk on their balance sheets. Platform revenue is generated from fees charged to borrowers and from interest paid to investors as servicing fees.

Traditional methods of financing involve individuals or organisations depositing their money with a bank. The bank will then lend out the money, returning a small percentage to the deposit holder. Marketplace lending bypasses the bank, allowing more favourable rates for both lenders and borrowers. This is achieved by reducing margin costs between the interest charged and return on investment.

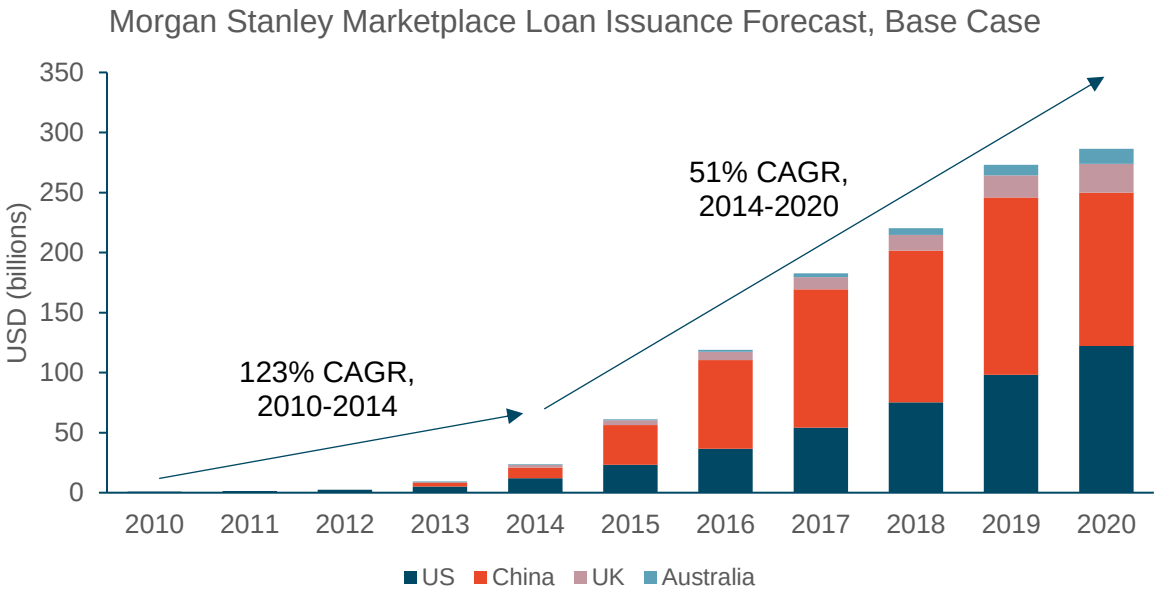
Existing financial institutions have significant costs associated with attracting and retaining deposits. Such costs include branch overheads, regulatory costs and marketing costs. There are also costs incurred when attracting wholesale funding and equity. Substantial liquidity reserves must also be maintained to meet the needs of depositors. Many banks are also encumbered by legacy backend IT systems which are inefficient and costly to maintain.

Marketplace lending platforms are able to avoid many of the overheads described above. While there are still costs associated with attracting funds and platform provision, there is no requirement to offer a broad range of services to depositors. These services include, for example, the provision of bank branches and a wide range of payment methods. The cost reduction that marketplace lending platforms can achieve means they can lend to borrowers in sectors and geographies that existing financial institutions are unable to serve.

Growth Projections

Marketplace lending is a rapidly growing and innovative method of finance. The largest markets for marketplace lending are found in the US, China and the UK. Zopa, the first marketplace lender, was founded in the UK in 2005. Institutional investors have recently begun investing in bundles of loans on several marketplace lending platforms, demonstrating the growing mainstream appeal of the sector.

According to research by Morgan Stanley, the sector is reported to have grown at a 123% CAGR over the period 2010-2014 in the four markets of the US, China, UK and Australia.[2] Their base case projections show these markets to collectively be worth around $290 billion by 2020, with their bullish case suggesting these markets will reach over $490 billion in size.[3] Other groups predict that the market could be even larger, with one venture capitalist predicting the global market will reach $1 trillion by 2025.[4]



The industry is concentrated primarily in developed economies, although some platforms are being established in certain countries across Africa and the Middle East. Between 2013-2015, these markets grew at CAGRs of 37% and 110% respectively. As these markets are relatively immature compared to developed economies, we would expect growth to remain strong in the short to medium term.

While the sector is set to enjoy strong growth over the coming years, there are still many problems. In the following section, we outline the specific challenges to cross-border marketplace lending and how Arkadia intends to solve them.

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[2] Can P2P Lending Reinvent Banking?, Morgan Stanley, 17 June 2015. See also: http://www.morganstanley.com/ideas/p2p-marketplace-lending

[3] Company Data, Morgan Stanley Research, 19 May 2015. See also: https://bebeez.it/wp-content/blogs.dir/5825/files/2015/06/GlobalMarketplaceLending.pdf

[4] Peer to Peer Lending. *The Secured Lender.* December 1st 2014. Avention

The Arkadia Lending Solution

To achieve our vision of reducing the cost of capital for borrowers in emerging markets and increasing the return on investment for retail investors, we must address the specific challenges that have prevented the rise of a cross-border marketplace lending industry.

Platform Fraud

Companies involved in the marketplace lending sector have a propensity to be involved in fraud and scandal. There have been many examples of this in recent years. In 2015, the world's first peer-to-peer lender TrustBuddy reported itself to the police for misuse of client money and subsequently declared bankruptcy.[5] The following year, one of China's most popular marketplace lenders Ezubao was exposed as a Ponzi scheme after misappropriating $7.6 billion from almost one million Chinese investors.[6] Even LendingClub, the largest marketplace lender in the US, was found in 2016 to have tampered with and improperly sold a substantial number of loans.[7]

Arkadia will address the risk of platform fraud by publishing the entire transaction history on the blockchain, providing an immutable record of our operations that no member of the organisation will be able to tamper with. This will give borrowers and lenders complete confidence in the integrity of the platform.

Borrower Fraud

All marketplace lending platforms face the risk that the borrower has no intention to repay the loan. This risk grows when attempting to lend across borders. Borrowers may also misrepresent their situation in order to be approved for larger amounts of funding or a lower interest rate than their risk profile would allow.

To mitigate against borrower fraud, Arkadia will establish partnerships with local financial institutions that will assess, verify and vet borrowers. With the exception of a small origination fee, these partners will be remunerated on the basis of loan repayment, incentivising them to pursue only the best opportunities for lenders.

Credit Risk

All lenders face the risk of default on a debt that may arise from the borrower failing to make the required payments. This risk has both macro and micro-economic elements. Economic downturn at a national level could lead many borrowers in that country to enter default, while individual borrowers may pose an unacceptable credit risk regardless of the macro-economic climate.

Arkadia proposes to use its blockchain-enabled prediction market and machine learning techniques in order to generate alternative data that will give us an edge over competing financial institutions, allowing us to decide which sectors and geographies are most suitable for loans. When making decisions about individual loans, Arkadia and local partners will

[5] https://www.ft.com/content/8342ca10-71a2-11e5-ad6d-f4ed76f0900a
[6] https://www.reuters.com/article/us-china-fraud/leader-of-chinas-9-billion-ezubao-online-scam-gets-life-26-jailed-idUSKCN1BN0J6
[7] https://www.bloomberg.com/news/features/2016-08-18/how-lending-club-s-biggest-fanboy-uncovered-shady-loans

conduct extensive credit risk assessments using both traditional and proprietary credit scoring methods.

Third Party Fraud
Marketplace lenders who entrust third parties with their funds run the risk that they will misappropriate the money.

Arkadia will conduct thorough due diligence to ensure that we only partner with the most reputable institutions in the markets where we choose to operate. We will ensure that these third parties never have direct access to funds, but will instead receive remuneration through the Arkadia Lending platform.

Currency Risk
To ensure that currency fluctuations do not adversely affect transactions taking place on the platform, Arkadia will set loan repayment in the currency of the lender and use derivatives to ensure that the borrower only has to repay the amount of local currency agreed at the time of the loan.

Technology

Overview

The Arkadia Lending platform will utilise the Ethereum blockchain, DApps and novel machine learning techniques to create a secure and efficient platform. These technologies will provide a competitive advantage in terms of platform operations and facilitate our commitment to transparency.

Blockchain will enable a decentralised ledger of the transactions across our network, simplifying the processes behind these transactions and reducing the risk of human error. Many of these processes will be executed by smart contracts. These predate the mainstream adoption of blockchain technology and consist of automated programs that execute contract terms directly within a distributed ledger. Where terms and conditions for a transaction are established, smart contracts can execute these through automated validations and audits.

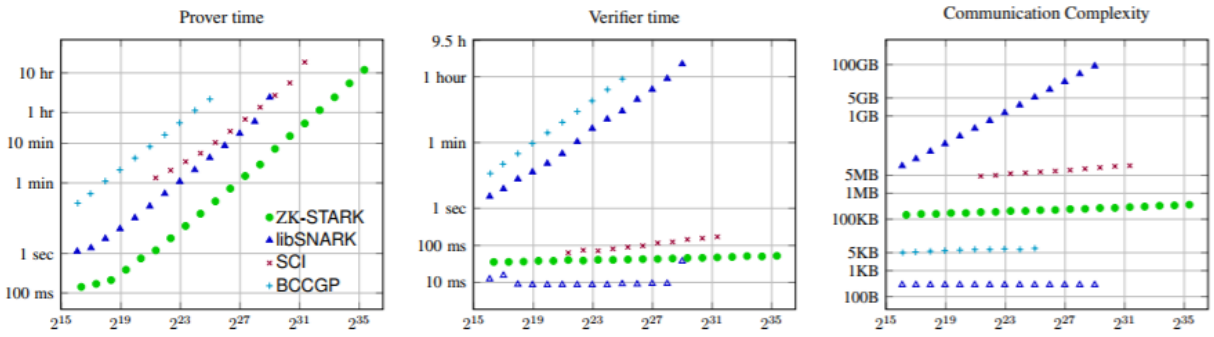
Arkadia will integrate blockchain identity verification capabilities into our network as they are increasingly adopted around the world. Identities maintained by distributed ledgers would create immutable records and facilitate platform access, mobile money services and the documenting of asset movement and ownership. These records will help provide a more secure platform environment, enabling us to accurately track credit history and evaluate credit worthiness. This in turn will allow us to provide cheaper credit to borrowers.

The security of the Arkadia Lending platform is essential to its successful operation. We are committed to protecting both funds and data on our platform. All our applications will be run in a Trusted Execution Environment, using audited code and adhering to industry best practices. Where appropriate, we will use homomorphic encryption to ensure user privacy.

Identify Management
Decentralised identity management on Ethereum is emerging as a potentially valuable use of blockchain technology. An example of this is the Civic platform. A more decentralised version is suggested in the proposed ERC 725 protocol. Arkadia will use this technology for Know Your Customer (KYC) purposes. This will be carried out by authenticating the validity of users corresponding to multiple sources of data and storing this on blockchain. We will also explore the potential of this technology for the purposes of fraud prevention.

Transparency and Privacy
As zero-knowledge technology is increasingly deployed on the Ethereum blockchain, Arkadia aims to be at the forefront of this field. Users will have the full decentralised security of a blockchain, with the comparable privacy of a bank. Zcash has already established the validity of this technology, ensuring the privacy of both identity and transactions on the ledger.

Knowledge proof algorithms such as ZK-STARK using interactive oracle proofs have recently been shown empirically to scale even without trusted setup.



The algorithm is transparent, scalable and quantum-resistant. In instances where privacy is a concern, but transactions must be verified, a ZK-STARK implementation may be used to confirm the validity of transactions without revealing data about the transaction itself.

Scalability

The issue of scalability in blockchain networks is being tackled on several fronts. Arkadia will implement a series of measures to ensure continued operations as the underlying technology continues to improve.

As a first measure, we will enable validation of off-chain data using smart contracts. We intend to implement these using the InterPlanetary File System (IPFS) protocol to store distributed ledger data and committing a hash to a smart contract on chain. This will allow third party auditors to validate the off-chain ledger with zero-knowledge technology.

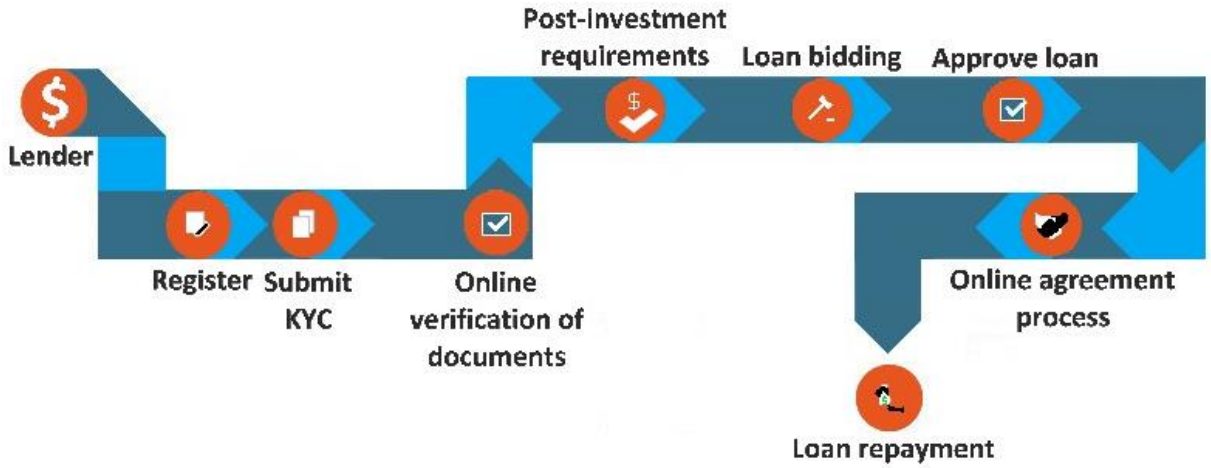
User Experience

Lender Interaction

As a lender, accessing the Arkadia platform will begin via web browser or mobile application. Lenders will be able to input the amount they wish to invest and explore different loan portfolios. Loan portfolios on the platform will be pre-packaged and diversified by country, industry and purpose. These portfolios will be completely transparent and displayed in a clear format so that investors can fully understand the implications of their investment. We will consider implementing a robo-advisor feature, using artificial intelligence to suggest how to maximise returns, but also to recommend customisation where users favour certain strategies or risk tolerances.

Dependent on the date of issue, portfolios will be created according to a wide range of predictive factors and categorised by machine learning algorithms tailored for credit risk. When lenders are choosing their investments, projected returns will be displayed along with the assumptions that went into those predictions.

Once identity and location of the lender has been confirmed through the account creation and registration process, investments in loan portfolios will be approved. Lenders will receive money according to the loan schedule as the borrowers repay.



Secondary Market

A secondary market will allow investors to customise their holdings through buying and selling previously issued loan portfolios that are still being repaid. This secondary market also provides liquidity for investors looking to cash in their investments early and take money off the platform.

Platform users can additionally use this function to trade the market, making returns based on the price fluctuation to accurately reflect the adjusting value of the portfolio. As a reasonably liquid market, the price of loan portfolios should continuously change to represent the increasing or decreasing chances of repayment based on external and borrower factors. The secondary market will have an integrated trading platform with investment analysis tools to facilitate this feature.

In addition to individuals trading the market to make a profit, we will integrate features so that users can delegate their funds to successful traders as a social trading function. This social trading should allow a more accurate pricing of the factors surrounding the chance of repayment, but also provides high performing users the opportunity to be recognised and have their achievements rewarded.

This platform feature will be supported through the development of a DApp market maker function to ensure that investors always have liquidity when buying and selling their portfolios.

Community

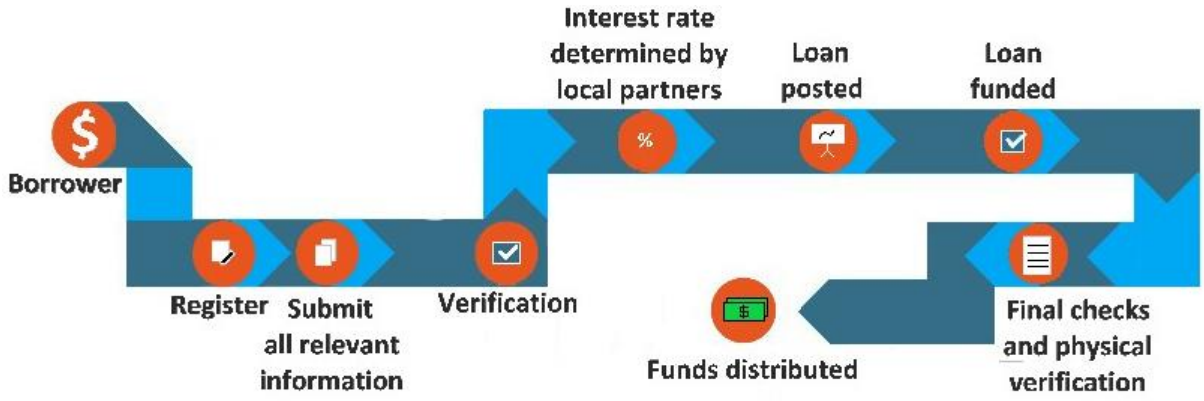
Due to the large numbers of platform users, Arkadia will introduce channels where the community can discuss the decentralised applications, investing and share information. This will allow users to share portfolios and prediction choices, follow individuals, and like or comment on posts.

Gamification

Arkadia will implement an optional gamification feature allowing users to compare returns with friends or investment leaders, as well as compare performance from previous months. We will allow comparison through a variety of metrics so that users can fully understand the performance of their investment and how it compares to others. This feature is intended to add a fun factor to investing, enhancing the user experience of those interacting with the platform.

Borrower Interaction

Arkadia will work through our local partners to provide borrowers in emerging markets with finance. Borrowers approach these partners and proceed through a verification, vetting and credit risk assessment process. Arkadia will provide the capabilities to enhance the ability of our local partners to assess credit risk, but we will have limited local presence.



Token

Arkadia intends to make the token as useful as possible for its holders and the platform. We have chosen to develop a multi-functional ICO token using ERC-20. This ICO token will be used to create as much economic efficiency for the platform as possible through the supporting features which it enables.

Tokens will be accepted as a form of value to invest in the loan portfolios within our platform. The exact value will be determined by the average ICO price, providing an intrinsic or base value for token holders. The exact mechanics for accepting tokens as currency will be a complicated feature which will require capital reserves to meet demand. It will be subject to terms and conditions to ensure the stability of the platform. These reserves will be collected in a pool from a specific percentage of platform fees to ensure liquidity exists for the platform and token holders investing in loans.

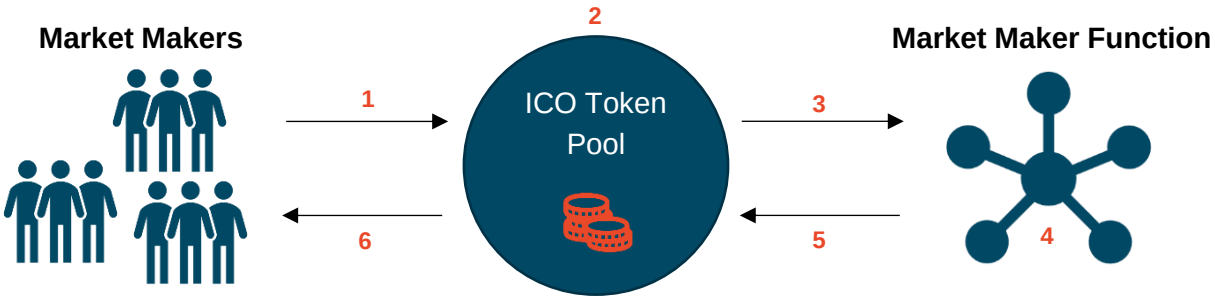
Feature	Platform Benefit	User Reward
Loan Investment Currency	Additional loan funding mechanism.	Token value priced at ICO sale value. Discounts offered to token holders.
Prediction Market	Data generation for improved credit scoring. User retention.	Tokens or fiat currency returns for correct predictions.
Market Maker	Provision of liquidity, allowing buyers and sellers to have on-demand access to loans.	Tokens or fiat currency earned as margin for performing market making.
Corporate Governance	Transparent corporate governance mechanisms. Improved corporate decision-making processes.	Participation in governance of Arkadia Lending. Management aligned with token holders' interests

Decentralised Applications (DApps)

Market Maker Function

The market maker function will be deployed to serve two functions. The first is to supplement portfolios that have not received enough funding. The token can be used to create a buffer that will be used in the event of underfunding on issuance. This buffer will only pay a small fee for transferring the cryptocurrency into fiat currencies and will receive discounted platform fees to incentivise creation of the buffer.

The second use is to enable a market maker function for the platform's secondary market. To provide liquidity for buyers and sellers, the tokens will create a pool from which loan portfolios will be purchased, held and sold at margin to compensate the pool for the risk they assume. Arkadia encourages this feature to ensure the liquidity of loan portfolios in the ecosystem and benefit ICO token holders.



1. ICO Tokens added to pool by market makers
2. ICO Token Pool converts tokens into fiat currency
3. Fiat transferred according to demand
4. Market markets buy and sell loan portfolios, earning a small margin with each trade as compensation for the risk taken holding the loan portfolios
5. Profits returned to ICO Token Pool
6. ICO Tokens or fiat currency returned to market makers (as per their choice)

Prediction Market Function

A substantial body of evidence has proven that public forums can outperform experts when it comes to making investment decisions. On aggregate, one study found that opinion pieces on a forum outperformed professional analysts and traditional news sources.[8] Several companies are now collecting data from social media or crowdsourcing platforms in order to inform investment decisions. One such example is iSentium, which uses social sentiment indexes to turn tweets into actionable data for traders.[9] Estimize instead focuses on the traders themselves, collecting a large number of opinions from this population on the financial performance of US equities.[10] The company then uses an algorithm to review reliability with pseudonymity, weighting sentiment towards its highest performing participants.

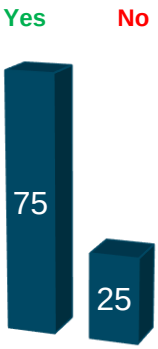
Prediction markets are excellent methods for crowdsourcing data from a large population. The main purpose of the market is to elicit aggregating beliefs over an unknown future outcome. Participants effectively bet on the outcome of a future event, with the associated market prices reflecting the likelihood of the various outcomes. As those involved are financially incentivised to disclose their true belief as to the outcome of the future event, it avoids the longstanding problem with polling where individuals select the outcome they desire, rather than what they believe will happen.

Arkadia intends to implement a prediction market into the platform and create a separate web and mobile application for individuals not intending to become borrowers and lenders. Token holders will have the chance to earn rewards by trading outcomes on the prediction market. Trading will be frozen once an outcome is determined, with those holding shares in the correct outcome rewarded a proportionate share of tokens from those holding shares in the incorrect choice.

[8] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1807265
[9] http://isentium.com/
[10] https://www.estimize.com/

Example prediction market mechanics are outlined below.

Question: Will Ghana's GDP growth rate in 2018 exceed 4%?



Initial investment of 100 tokens. The platform holds this until it is distributed to correct answer.

Shares of 'Yes' and 'No' are distributed to investors. In this example - 100 shares.

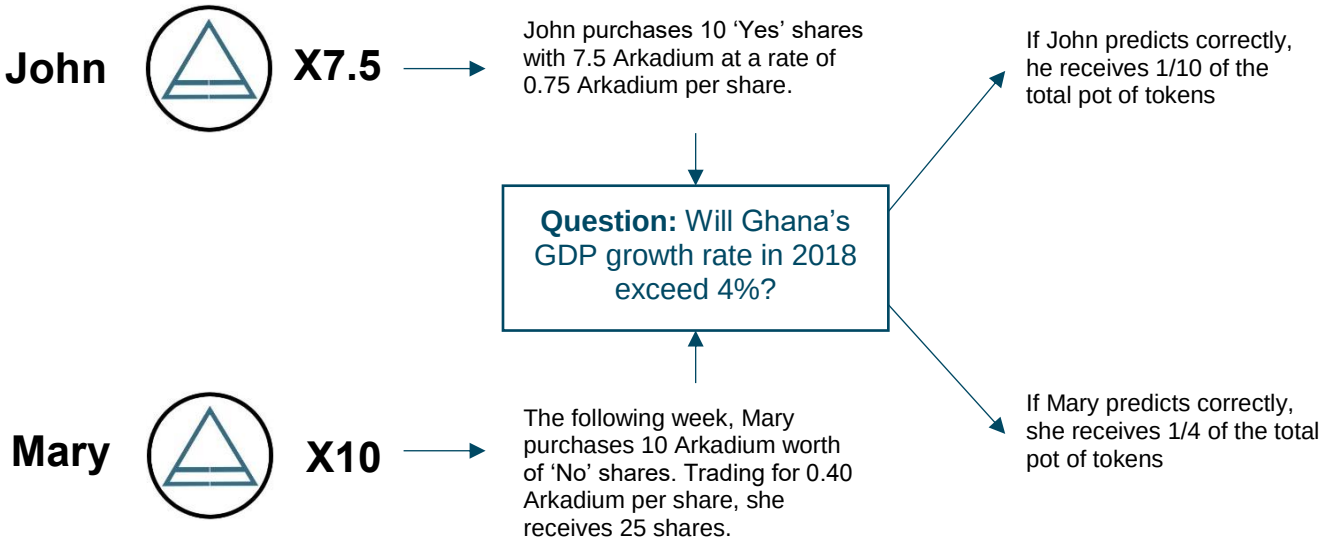
Yes shares = 0.75 tokens each.

No shares =0.25 tokens each

Prices will fluctuate on the secondary market as participants become aware of new information.

A perfect market would have mirrored share prices. However, investors may not agree and believe the opposing binary outcome is over or under priced.

As participants interact with the prediction market, Arkadia will gather data to help us direct the portfolio of investments we offer through our platform. This will allow us to find the best investments for our lenders and help reduce the risk of default.

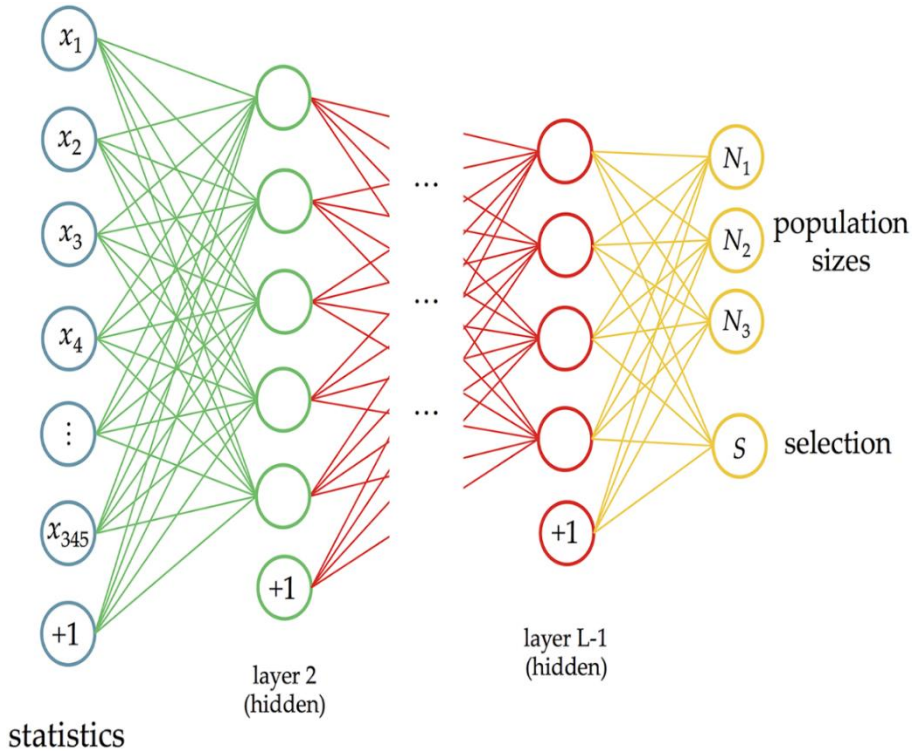


Arkadia will use our prediction market to store data and analyse its effectiveness in comparison with real world events. Maximising the efficiency of this prediction market will be an ongoing process which will take several years to optimise. Using advanced machine learning techniques, we will have an in-depth understanding to how this data behaves and how to execute its predictions.

The rationale for creating our own on platform prediction market is to attract the skill sets of use to our lending process. We anticipate that many of the individuals and institutions investing our loans will be doing so because they have above average knowledge about finance and economics. This specialist knowledge could be used in aggregate to maximise their returns through the platform.

For the purpose of collecting data to serve the platform, the DApp history for the participants will be evaluated to determine the accuracy of previous predictions on related questions or topics. Machine learning algorithms will be utilised to improve our interpretation of prediction market data. A weighting will be applied to generate proprietary insight, which alongside other metrics such as investor and sentiment analysis, will inform future portfolio composition.

The basic model for the macroeconomic prediction is an L layer neutral network, where the outputs correspond to macroeconomic indicators such as GDP of nation Y. For example, N_1 is the GDP of Zimbabwe for the next quarter.



The input layer consists of various aggregate data sources. For example, x_1 a sentiment indicator for Amazon, x_2 is an earnings estimate for Nike in the next quarter, x_3 the previous quarter GDP of Zimbabwe, and x_4 is the price of the S&P 500 Index. The activation function for the hidden layers L_2 through L_{n-1} is the rectified linear unit (ReLU).

For the assignment of risk to individual loans, Arkadia will also use a deep neural net architecture similar to the macro one above, with a different set of inputs and outputs. The output layer is only one node: user loan risk for a single loan with a particular set of input parameters. The input layer consists of individual user data such as income and assets.

Also included in the input layer is $\{L_{n-1}\}$ the set of nodes in the penultimate layer of the macroeconomic prediction net. The penultimate layer of the macroeconomic neural network provides much of the information of the final layer, but reduced in number of nodes. These data can be understood as dimensionality reduction of the economic data. Other input nodes include the loan size in dollars, time since the last loan, and the previous user credit coordinates. The previous user credit coordinates may be the values of the penultimate nodes in this neural net during the last credit risk assessment for this particular user. Average group data can be used when this is not available.

Corporate Governance

Corporate governance procedures are essential to ensure that the managers do not pursue their own interests instead of the stakeholder's interests. Both shareholders and token holders will have different interests and will need specific governance procedures to protect their interests. In developing these governance procedures, we will need to balance conflicting interests with game theory and innovative voting procedures. Ensuring we get active and beneficial engagement but also do not adversely affect other stakeholders.

Due to the centralised nature of Arkadia's business, we intend to give token holders a powerful governance mechanism that balances decentralisation with long term enterprise value. This will allow Arkadia to adapt swiftly to a rapidly changing world.

While there are many advantages that arise from decentralisation, less effective executive decision-making is a cost that would adversely affect the running of the business. Company directors leverage their experience and inside information gathered from the day-to-day running of the business. Without this insider knowledge, token holders would be 'rationally apathetic'. This information cannot be shared for both legal and competitive reasons. Furthermore, the effective management of a corporation requires a great deal of time and effort, which not all token holders could be expected to commit.

Arkadia intends to follow the Swedish model of having token holders and shareholders suggesting members of an advisory board, allowing the community of token holders to participate in governance of the company. This will balance the need for informed and decisive leadership with the interests of ICO participants and the wider token holding community.

Token holder governance issues will focus on DApp issues and direction as opposed to shareholder issues which will focus on the business. We imagine using a delegated voting system where the community elects delegates, based on both a number of tokens and the number of individual voters. These delegates will therefore hopefully be community members with a long-term focus and knowledge of the project, with more knowledge and time to provide.

Roadmap

May 2017 – Concept for Arkadia Lending developed

August 2017 – Arkadia Lending team relocates to London to begin development

September 2017 – Consultations with Henry Humphreys, award winning lawyer, to discuss viability of the project. Meeting goes well and development continues

October 2017 – Arkadia Lending incorporated in England and Wales

November 2017 – CEO Ellis Hudson travels to Ghana to meet with prospective partners. Is given an audience with the country's incoming Head of Financial Stability at the Bank of Ghana

November 2017 – Concept for the decentralised applications finalised, alpha platform development begins

January 2018 – Arkadia Lending raises £35k in limited seed funding round

February 2018 – Strategic Partnership Agreement for West Africa signed with Crystal Capital & Investments Ltd in Ghana

Q2 2018 – Arkadia Lending Pre-ICO

Q2 2018 – Arkadia Lending ICO

Q2 2018 – Development Commences on Beta Version of Arkadia Lending platform

Q2/Q3 2018 – Extensive testing of DApps and platform

Q3/Q4 2018 – FCA grants authorisation to conduct peer-to-peer lending in the United Kingdom

Q4 2018 – Platform launches

ICO

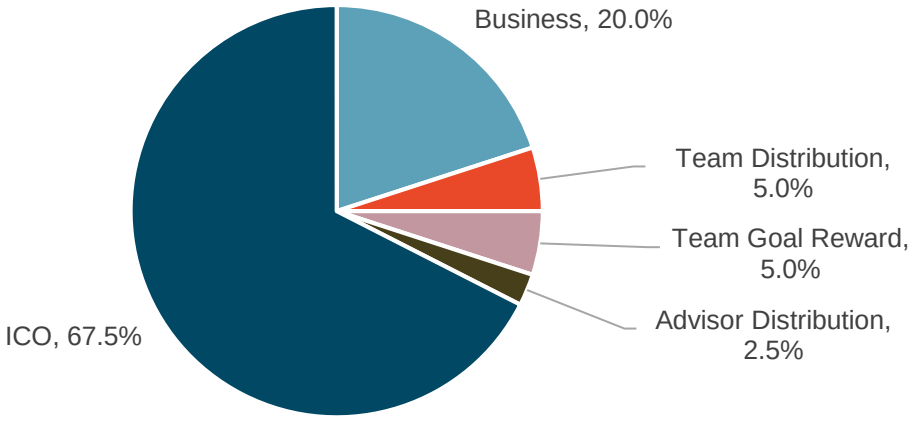
Overview

Arkadia welcomes pioneers to join our marketplace lending platform from its inception. We are issuing 1,000,000,000 Arkadia Tokens, with approximately two-thirds available for crowdsale. These tokens will be exchange listed and facilitate interaction with the Arkadia Lending platform as described in the preceding sections of this Whitepaper.

Token Name:	Arkadium
Symbol:	AAA
Decimal places:	18
Classification:	Ethereum ERC-20 Token
Total Supply:	1,000,000,000
Crowdfunding Supply:	675,000,000

Token Allocation

We intend to make the majority of Arkadium available to the public. The business will retain only a relatively small overall proportion of the total market capitalisation, preventing the manipulation of token value.

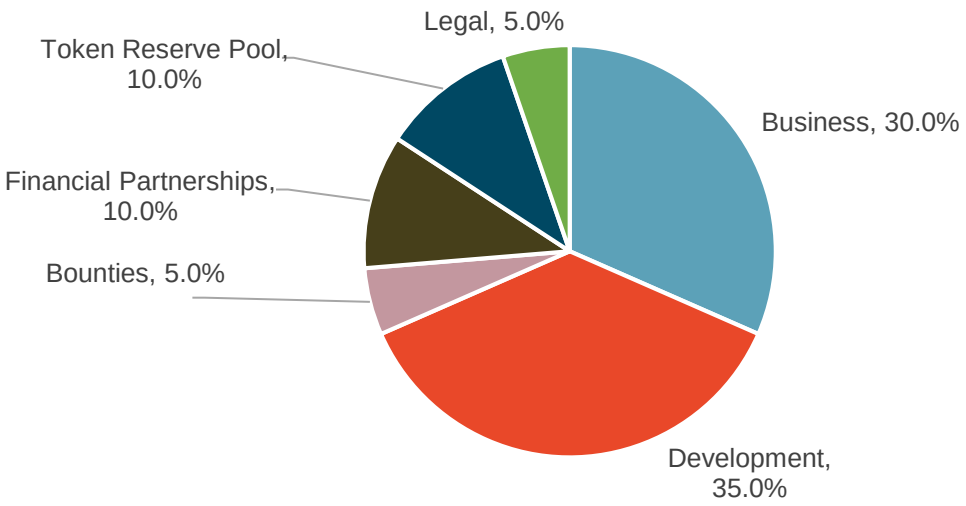


The team distribution of tokens will remain locked up for six months following the ICO. They will then be distributed according to a two-year timetable following an exponential curve as displayed in the following table.

Month	3	6	9	12	15	18	21	24
Cumulative Distribution	6%	9%	13%	20%	30%	44%	67%	100%

Funding Breakdown

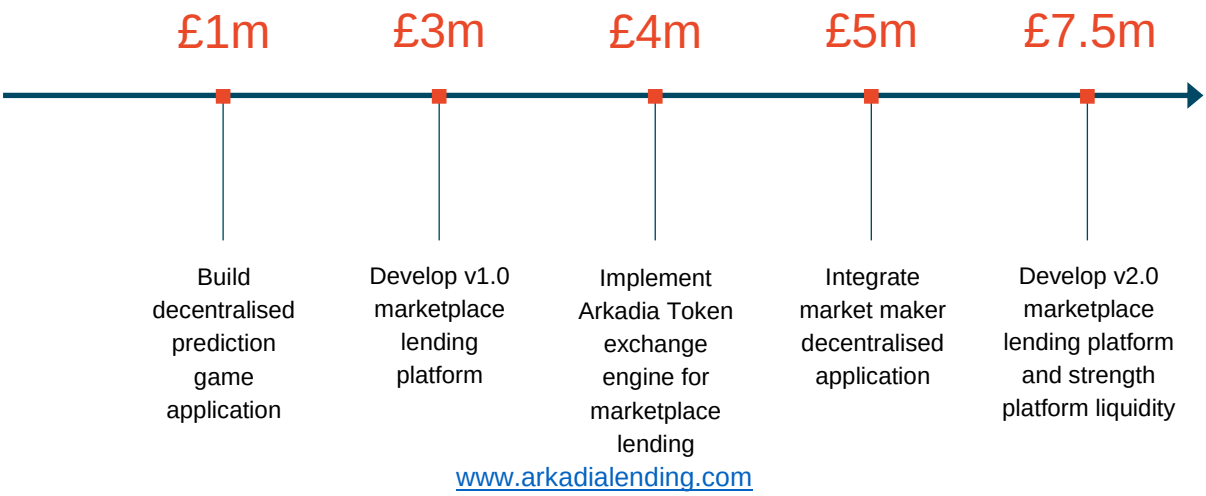
Proceeds from the ICO will be used to develop the marketplace lending platform, expand our partnerships with local financial institutions and implement the marketing efforts necessary to attract both lenders and borrowers to the platform. We anticipate that the funds will be allocated as illustrated in the following chart.



Funding Milestones

We believe that the following levels of funding correspond with the milestones displayed below. The v1.0 marketplace lending platform would be comparatively basic compared to Arkadia's vision for international peer-to-peer lending, with the blockchain-enabled loan book and prediction market representing the only significant improvements over the status-quo.

Reaching the £7.5m hard cap would allow us to implement a token exchange engine, enabling the market maker functionality as well as a range of features to improve platform user experience, such as gamification. This level of funding would give us the best chance of launching effective marketing campaigns to bring both lenders and borrowers to the platform. It will also help to strengthen platform liquidity and provide resilience in the short-term until the platform becomes revenue generating.



www.arkadialending.com

Sale Procedure

Arkadia plans to conduct a two-stage crowdsale to give the public a chance to become early adopters of the platform. XXXX Arkadium will be pegged at the price of 1 ETH throughout the crowdsale period.

The pre-ICO will commence on XXX at XX:XX and end on XXX at XX:XX. During this period, we will be looking to raise £200,000, with participants receiving a 50% Token bonus. We intend to sell 27,000,000, 4% of the total tokens at this stage (bonus included).

The main ICO will commence on XXX at XX:XX and end on XXX at XX:XX. During this period, we will be looking to raise £7.3m. The remaining 648,000,000 crowd sale tokens will be sold at this stage. We will not be offering bonuses at this stage as we believe this benefits only a few large investors who are incentivised to immediately sell their tokens as soon as they are listed on an exchange.

The Team

Ellis Hudson
Founder

https://www.linkedin.com/in/ellis-hudson/

Ellis graduated first in class from Leeds University with an MSc Finance and Law and also holds an LLB (Hons) Law degree. After graduation he moved to China, working for the Fortune 500 conglomerate, HNA. Ellis was quickly made an investment banking project manager working in M&A.

Ellis first learnt about cryptocurrency and blockchain in 2013, while studying law. Immediately taking an interest in how crypto-economics could be used in a multi-disciplinary approach to influence system participants, he intently followed the ever-growing number of cryptocurrencies. Ellis eventually decided to found his own company using cryptocurrencies and blockchain in mid-2017 which became Arkadia Lending.

Anthony Chrumka
CTO

https://www.linkedin.com/in/anthonychrumka/

Managing Director of an IT consultancy firm and Founding Partner of a blockchain consultancy firm, Anthony has been providing game changing IT solutions to the insurance sector for the past 20 years. Anthony immediately showed great interest in Arkadia after hearing Ellis present about ICOs at a Canary Wharf FinTech Connector event, joining the team shortly afterwards.

Dominic Jackson
COO

https://www.linkedin.com/in/jacksondominic/

Dominic built his recent career in M&A advisory, specialising in supporting large institutional investors on buy and sell side transactions in the infrastructure sector. Dominic has previously worked across the engineering, media and fintech sectors in both China and the UK. He is a competent Mandarin speaker and has a keen interest in the application of both data science and blockchain technology.

Jason Hilton
Interim CMO

https://www.linkedin.com/in/jasonadamhilton/

For over 15 years Jason has been passionate about helping companies and people achieve their investor acquisition goals. Helping to improve attraction and conversion rates by providing insight and actionable strategies using the industry's best practices and benchmarks as a Partner in Hilton Advisory LLC. Jason joined Arkadia because he believes access to investors and capital, should not be held captive by a select few but should be available to everyone.

Spanner Spencer
Social Media and Community Manager

https://www.linkedin.com/in/spanner/

After originally training in electronics engineering, technical authoring and technical marketing, Spanner was already working on mobile games when the iPhone launched. Over the last decade he's worked in online community management, with a focus on growth hacking, gamification, content creation and social media. Working with a diverse range of businesses from small, one-man studios in countries around the world all the way up to industry giants including EA, Sony and Samsung, he's built and nurtured online communities of all sizes.

George Benton
Public Relations Executive

https://www.linkedin.com/in/george-benton-031839131/

George is the Co-Founder and Co-President of the Leeds University Union Cryptocurrency and Blockchain Society, as well as a Student Forum Representative at the British Blockchain Society. He is Co-Founder of the Leeds Finance Summit, the UK's largest student organised finance summit. Currently studying Economics and Finance at Leeds University, George has chosen to pursue his future career in the vibrant and rapidly growing cryptocurrency and blockchain industry.

Emily Schleiner
Web Developer and Graphic Designer

https://www.linkedin.com/in/emily-schleiner-44243b23/

Emily has a Master's degree in performance and interactive art. She initially became enamoured in web development whilst creating her portfolio website and is now an expert. She is dedicated to enhancing the user experience of every development project she works on, focusing on responsive web design and working in creative ways with front-end web development libraries.

Advisors

Nick Geoca

https://www.linkedin.com/in/nick-geoca-bb416933/
https://github.com/nickgeoca

Nick graduated in 2012 with a BS in Electronics Engineering Technology from Texas A&M University, studying for a B9 Lab certification in blockchain post-graduation.

Nick's initial interest in bitcoin came as an investor in 2013. After losing a significant sum of money in the Mt. Gox incident, Nick realised how important transparency and security are in the cryptocurrency world. He would later leave a successful career in embedded systems engineering to pursue blockchain development.

In 2016 he began writing smart contracts for companies exploring the Ethereum blockchain, specifically in crowdfunding. In 2017, in the midst of the ICO innovation boom, Nick began to specialise in developing the presale, token contracts, and white papers that are now so crucial to the industry.

Nick is an active participant in open source Ethereum DApp development frameworks such as transmute. He has also created open source projects in machine learning, using the Google TensorFlow framework. Nick is currently developing functional programming libraries in blockchain virtual machine design and formal verification for smart contracts. In addition to these development activities, Nick is involved in the rollout of multiple ICOs.

Rez Khan, PhD

https://www.linkedin.com/in/rez-khan-12345/
https://github.com/DoctorKhan

Before becoming a blockchain consultant, Rez had a successful track record as a research scientist in Physics and as a data scientist in machine learning and cybersecurity. Rez continues to apply the same rigor and standards of the scientific community to his consulting work, using his analytical skills to consider problems and their solutions in technology.

Rez is also a published author of multiple peer-reviewed papers in brain imaging, signal modelling, and computational neuroscience and holds a PhD in Physics from the University of Texas at Austin.

Rez became interested in smart contract development and cryptocurrencies as a means for change in society. He focuses on how smart contracts can modulate token values based on external metrics, allowing for systematic incentives for specific activities - something well beyond fiat currencies. He focuses on developing smart contracts and in advising ICOs in whitepaper development, currently being involved in the rollout of several ICOs.

Joseph Osei Dankwa

https://www.linkedin.com/in/joseph-osei-dankwa-794a1a32/

Mr Dankwa started his career at Deloitte in Ghana, gaining extensive experience in financial accounting and also taking a prominent role in Ghanaian Microfinance. In the early 2000s he relocated to the UK where he became principal partner in a financial consultancy and then went on to become CEO.

Fausto Dassenno

https://www.linkedin.com/in/fausto-dassenno

Fausto spent the last 20 years between product and technology. He has been an entrepreneur with software houses focused on mobile development in both Italy and the UK. During this time, he was in charge of product for Kijiji.it, eBay's Italian classified business. In 2015 he moved to Jobrapido as Product Director managing a team of 25 ranging from product managers, designers, customer support and the whole mobile development team. In 2016 he moved to eBay UK and he is now managing the development team of gumtree.com, the UK classified property of eBay.

Big Four Managing Director [Anonymous]

Business executive with a broad range of skills, who for the past 20 years has worked at a big four accounting firm driving revenue growth, cost elimination and maximising value from investments in the IT and fintech sectors.

Legal

Nature of the Token

Arkadia's token is built into the mechanics of the Arkadia platform. Holders of Arkadia are entitled to exchange their token for a to be determined value of loan investment subject to terms and conditions and also access to our DApps which complement the Arkadia platform.

Tokens are non-refundable: Arkadia Lending Ltd is not obliged to provide AAA holders with a refund for any reason, and AAA holders will not receive money or other compensation in lieu of a refund. Statements set out in the White Paper are merely expressions of Arkadia Lending Ltd's objectives and desired work plan to achieve those objectives, and no promises of future performance or price are or will be made in respect to the token, including no promise of inherent value and no guarantee that the token will hold any particular value.

The token is provided on "as is" basis: Arkadia Lending Ltd and each of their respective directors, officers, advisors, employees, shareholders, affiliates and licensors make no representations or warranties of any kind, whether express, implied, statutory or otherwise regarding the token, including any warranty that the token and Arkadia Lending Ltd will be uninterrupted, error-free or free of harmful components, secure or not otherwise lost or damaged. Except to the extent prohibited by applicable law, Arkadia Lending Ltd and each of their respective directors, officers, advisors, employees, shareholders, affiliates and licensors disclaim all warranties, including any implied warranties of merchantability, satisfactory quality, fitness for a particular purpose, non-infringement, or quiet enjoyment, and any warranties arising out of any course of dealings, usage or trade.

The token may have no value: There is no guarantee or representation of liquidity for the token. Arkadia Lending Ltd is not and shall not be responsible for or liable for the market value of the token, the transferability and/or liquidity of tokens and/or the availability of any market for tokens through third parties or otherwise.

Lack of development of market for the token: There are no warranties that the token will be listed or made available for exchange for other cryptocurrencies and/or fiat money. It shall be explicitly cautioned that if tokens are available on any exchange, such exchange, if any, may not be subject to regulatory oversight, and Arkadia Lending Ltd does not give any warranties in relation to any exchange services providers. Because there has been no prior public trading market for the token, the Token Issuance may not result in an active or liquid market,

and the price of the token may be volatile. Token holders may not be able to dispose of the token easily and where no secondary market develops, a token holder may not be able to liquidate at all.

Risks relating to highly speculative prices: The valuation of cryptocurrencies and digital tokens in secondary markets is usually not transparent, and highly speculative. The token does not hold any ownership rights to the Arkadia Lending Ltd's assets and, therefore, are not backed by any tangible asset. The value of the token in secondary markets, if any, may fluctuate greatly within a short period of time. There is a high risk that Purchasers may lose their entire contribution amount. In the worst-case scenario, the token could be rendered worthless.

Force majeure: The Token Issuance and the performance of Arkadia Lending Ltd’s activities set out in the White Paper development roadmap may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this White Paper, force majeure shall mean extraordinary events and circumstances which could not be prevented by Arkadia Lending Ltd and shall include: changes in market forces or the technology, acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond Arkadia Lending Ltd's control, which were not in existence at the time of Token Issuance.

Governmental Disclosures

Risk of unfavourable regulatory action in one or more jurisdictions: The regulatory status of crypto- tokens, digital assets, and blockchain technology is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty. It is possible that certain jurisdictions may adopt laws, regulations, policies or rules directly or indirectly affecting the Bitcoin and Ethereum networks, or restricting the right to acquire, own, hold, sell, convert, trade, or use tokens. Developments in laws, regulations, policies or rules may alter the nature of the operation of the blockchain network upon which the token is dependent. There can be no assurance that governmental authorities will not examine the operations of Arkadia Lending Ltd and/or pursue enforcement actions against Arkadia Lending Ltd. All of this may subject Arkadia Lending Ltd to judgments, settlements, fines or penalties, or cause Arkadia Lending Ltd to restructure their operations and activities or to cease offering certain products or services, all of which could harm Arkadia Lending Ltd’s reputation or lead to higher operational costs, which may, in turn, have a material adverse effect on the token and/or the development of the Arkadia Platform.

Purchaser bears responsibility of legal categorisation: There is a risk that the token might be considered a security in certain jurisdictions, or that they might be considered to be a security in the future. Arkadia Lending Ltd does not provide any warranty or guarantee as to whether the token will be a security in the jurisdiction of the Purchaser. Each Purchaser will bear all consequences of the token being considered a security in their respective jurisdiction and will be responsible to confirm if the acquisition and/or disposal of the token is legal in its relevant jurisdiction, and each Purchaser undertakes not to use the token in any jurisdiction where

doing so would be unlawful. If a Purchaser establishes that the purchase or use of the token is not legal in its jurisdiction, it should not acquire the token and immediately stop using or possessing the token. Acquiring the token in exchange for cryptocurrencies will most likely continue to be scrutinised by various regulatory bodies around the world, which may impact the usage of the token. The legal ability of Arkadia Lending Ltd to provide or support the token or the platform in some jurisdictions may be eliminated by future regulation or legal actions. In the event Arkadia Lending Ltd determines that the purchase or usage of the token is illegal in a jurisdiction, Arkadia Lending may cease operations in that jurisdiction, or adjust the token in a way to comply with applicable law.

Purchaser bears responsibility for complying with transfer restrictions: The token may be placed on third-party exchanges, giving future purchasers and users an opportunity to openly buy the token. A user seeking to enter the Platform following the Token Issuance will have to buy the token on such exchanges. Conversely, the token may be sold on such exchanges if the holder of the token would like to exit the Platform ecosystem. Existing laws on the circulation of securities in certain countries, such as the United States of America and Singapore, may prohibit the sale of the token to the residents of those countries. When buying the tokens, Purchaser should be aware of the restrictions on their subsequent sale.

General Security Risks

Risk of theft and hacking: Token generation events and initial coin offerings are often targeted by hackers and bad actors. Hackers may attempt to interfere with the Purchaser's token wallet used to store the private keys to the token, which is accessible via the Platform or through other partner applications that make use of the Application (Purchaser's Wallet), the Smart Contract or the availability of the token in any number of ways, including without limitation; denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. Any such attack may result in theft of Purchaser's token.

Failure to map a public key to Purchaser's wallet: Failure of the Purchaser to map a public key to such Purchaser's Wallet may result in third parties being unable to recognise buyer’s token balance on the Ethereum blockchain when and if they configure the initial balances of a new blockchain based upon the Platform.

Risk of incompatible wallet service: The wallet or wallet service provider used for the acquisition and storage of the token has to be technically compatible with the token. The failure to assure this may result in the Purchaser not being able to gain access to its tokens.

Risk of weaknesses or exploitable breakthroughs in the field of cryptography: Advances in cryptography, or other technical advances such as the development of quantum computers, could present risks to cryptocurrencies, Ethereum and the token, which could result in the theft or loss of tokens.

Internet transmission risks: There are risks associated with using the token including, but not limited to, the failure of hardware, software, and internet connections. Arkadia Lending Ltd shall not be responsible for any communication failures, disruptions, errors, distortions or

delays you may experience when using the Platform, howsoever caused. Transactions in cryptocurrencies and utility tokens may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Cryptocurrency transactions are deemed to be made when recorded on a public ledger, which is not necessarily the date or time when the transaction is initiated.

Platform Disclosures

Risks associated with the Smart Contract and associated software and/or infrastructure: The Smart Contract is based on the Ethereum blockchain. As such, any malfunction, unintended function or unexpected functioning of the Ethereum protocol may cause tokens and/or the Platform to malfunction or function in an unexpected or unintended manner. The Ethereum blockchain rests on open source software, and accordingly there is the risk that the Smart Contract may contain intentional or unintentional bugs or weaknesses which may negatively affect the tokens or result in the loss or theft of tokens or the loss of ability to access or control the tokens. In the event of such a software bug or weakness, there may be no remedy and token holders are not guaranteed any remedy, refund or compensation. Ether, the native unit of account of Ethereum may itself lose value in ways similar to the tokens, and also other ways. More information about Ethereum is available at www.ethereum.org.

Irreversible nature of blockchain transactions: Transactions involving tokens that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's tokens, the transaction is not reversible. Further, at this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and digital tokens. Consequently, Arkadia Lending Ltd may be unable to replace missing tokens or seek reimbursement for any erroneous transfer or theft of tokens.

Amendments to protocol: The development team and administrators of the source code for the Ethereum blockchain or the Smart Contract could propose amendments to such network's protocols and software that, if accepted and authorised, or not accepted, by the network community, could adversely affect the supply, security, value, or market share of tokens.

Risk of mining attacks: As with other decentralised cryptocurrencies, the Ethereum blockchain, which is used for tokens, is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the tokens, expected proper execution and sequencing of tokens, and expected proper execution and sequencing of Ethereum contract computations in general. Despite the efforts of Arkadia Lending Ltd and Ethereum Foundation, the risk of known or novel mining attacks exists. Mining attacks, as described above, may also target other blockchain networks, with which tokens interact and consequently tokens may be impacted also in that way to the extent described above.

Arkadia Lending Ltd Disclosures

Dependence on management team: The ability of the Arkadia Platform project team which is responsible for maintaining the competitive position of the Arkadia Platform is dependent to a large degree on the services of a senior management team. The loss or diminution in the services of members of such senior management team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the Arkadia Platform. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this competition may seriously affect Arkadia Lending Ltd's ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the Platform.

Risks related to reliance on third parties: Even if completed, the Platform will rely, in whole or partly, on third-parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third-parties will complete their work, properly carry out their obligations, or otherwise meet anyone’s needs, any of which might have a material adverse effect on the Platform.

Insufficient interest in the Platform and the tokens: It is possible that the Platform or the tokens will not be used by a large number of individuals, businesses and organizations and that there will be limited public interest in the creation and development of its functionalities. Such a lack of interest could impact the development of the Platform.

Platform development risks: The development of the Platform and/or Smart Contract may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

Changes to the Platform: The Platform is still under development and may undergo significant changes over time. Although Arkadia Lending Ltd intends for the Platform to have the features and specifications set forth in this White Paper, changes to such features and specifications may be made for any number of reasons, any of which may mean that the Platform does not meet the expectations of the Purchaser.

Other projects: The Platform may give rise to other, alternative projects, promoted by parties affiliated or unaffiliated with Arkadia Lending Ltd, and such projects may provide no benefit to the Platform.

Disclosures relating to conflicts of interest: Arkadia Lending Ltd and each of their respective directors, officers, advisors, employees, shareholders, affiliates and licensors may be engaged in transactions with related parties and conflicts of interest may arise, potentially resulting in the conclusion of transactions on terms not determined by market forces.