



BITS DIGIT PROJECT **WHITE PAPER**

A SME Economy on Blockchain

- Providing for all the crypto currency users' needs via A SME Economy on Blockchain;
- Rewarding users for bringing new merchants and affiliates on board;
- Establishing a marketplace, where crypto currency users and merchants can meet each other seamlessly;
- Issuing tokens with real value for SMEs;
- Expanding the network of customers by providing the high-quality services; enhancing the security of the system;
- Adopting the disruptive innovations.



**Providing for
all the crypto
currency users'
needs via one
stop solution
services**

**Rewarding users
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merchants and
affiliates on
board** ———

**Establishing a
marketplace,
where crypto
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and merchants
can meet each
other
seamlessly**

BITS DIGIT

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BITS DIGIT already has 90% completed its Exchange platform (see Phase 1 of the “Roadmap & Development”), and this white paper makes no binding representations or warranties about the existing platform.

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ABSTRACT

This white paper describes the Crypto-A SME Economy on Blockchain (BITS DIGIT) platform and its functionalities, approaching the subject of online payment technologies and the position of crypto currencies in this developing market. With over 800 altcoins on the market, there is hardly a single crypto currency which does not suffer from usability or user adoption issues.

Imperfections in the technical setting of these digital coins result in the loss of potential customers and merchants and low transaction volumes, affecting the market price of the coin accordingly. Furthermore, the path from creating a digital wallet to making actual payments in crypto currencies is very inconvenient and cumbersome, requiring a beginner to spend a lot of time and effort making his/her way in the crypto currency world.

When addressed mindfully, the problem of poor user adoption of crypto currencies can be resolved by means of a one-stop solution approach realized through a platform, that was designed specifically to inform and educate users about the variety of coins, helping them to make an informed choice, and providing multiple possibilities to use digital currency, all in the same place. The concept of the SME Economy on Blockchain (BITS DIGIT), together with its actual implementation and the technical specs are outlined in this whitepaper.

Key words: cryptocurrency, blockchain, dAPPs, smart contracts, SCaaS, POS, exchange, merchant tools, payment gateway, DAO, Token, ICO, e-wallet, e-Commerce, exchange

INTRODUCTION

The inherent value of crypto currencies as an alternative payment method has gained critical mass among investors, entrepreneurs, and consumers over the last few years. Such popularity would not be possible without the blockchain technology, which has taken a number of world banks and corporations on a quest to increase the efficiency of their services. The permeation of crypto currencies and the blockchain technology into the global market is not simply a technological trend, but rather a steady shift towards a better future, in which managing personal finances is becoming easier, faster, cheaper and safer.

The crypto currency industry has generated an entirely new market, or a set of technology-driven markets, which have the potential to disrupt the existing market strategies and the conventional business practices. However, as any other industry, the crypto currency industry has to face a number of obstacles, which slow down its natural dissemination among the non-technical users. One of these challenges is the absence of A SME Economy on Blockchain that would bring the existing services together into a single user-friendly 'ecosystem'.

The main objective of this paper is to present a comprehensive method allowing to improve the overall crypto currency user experience by means of BITS DIGIT, the SME Economy on Blockchain. The BITS DIGIT platform shapes the foundation for a community of crypto currency users: companies, startups, traders, customers and merchants into a viable market, combining the latter three elements into an ecosystem that can boost the mass adoption of crypto currency.

With BITS DIGIT, usability issues, related to virtual currencies are resolved in an innovative way. The platform gathers the most popular crypto currency services and products into one portal allowing users to gain control over their finances, to manage transactions, to integrate merchants' payments, to deposit funds and so much more. This whitepaper will introduce you to the features of the BITS DIGIT platform.

Bitcoin has been created by Satoshi Nakamoto in 2008. Soon after, it became the first world-known decentralized cryptocurrency that introduced a great number of new solutions to the existing electronic payment systems.

Thanks to Bitcoin, large banks, corporations and governments started to recognize the great technological value of crypto currencies: the decentralized peer-to-peer public ledgers, the blockchain, the new ways to approach security and anonymity, which have spread to a great variety of fields. The fact that crypto currencies are censorship resistant and very difficult to shut down by a centralized institution or entity has increased the amount of trust people have in this technology.

The design model of crypto currencies has revealed that the approach of the traditional financial institutions (e.g. banks) to payments is becoming obsolete, and has unveiled the new possibilities for individuals and organizations adopting them, such as:

- Facilitation of the monetary and the legal transactions eliminating the third parties;
- Transfer of money in a more secure or completely anonymous way, which protects the users' personal data;
- Access to banking and the global financial system with any device connected to the Internet, thus improving the quality of the users' lives;
- Avoidance of substantial transaction fees, such as those charged by credit card companies and the centralized payment processors;
- Reduction of the inflation risk and the risk of price speculation of a crypto currency.

Crypto currencies have generated a technological revolution in banking, similar to the one Internet and email once brought about thanks to the blockchain technology. Bitcoin has become the first use-case of the blockchain, although it had not received a great amount of attention until 2015, when the innovation has undergone a tremendous re-evaluation within many industries, becoming one of the most widely-discussed topics in the fintech and the IT communities. Within a short period of time a large number of blockchain applications, often referred to as decentralized applications - or dApps, has emerged.

The cornerstone of the blockchain is its decentralized nature independent from any control and/or influence of a single person or entity. Instead, the system is run by a network of computers, and data stored on the blockchain is distributed among them. Such distribution helps to resolve the data storage and the security issues, that is, everyone has access to the data, but no one owns it, nor can change it without every participant of the network being informed about such changes.

The main reason why crypto currencies keep gaining traction is because the use of FIAT currencies imposes limitations on users, such as inability to provide identity protection and the safety of the transaction process.

The problem of credit card payments is that it is an extremely cumbersome process that requires not only a customer and a merchant, but also banks, acquirers, payment processors and a group of organizations operating the network, to participate. This brings up a number of middlemen in discussion, and also increases the transaction costs.

Although the payment technologies are constantly evolving, and the concern about the peer-to-peer (P2P) payments is increasing, in this highly competitive environment, all the players are now working hard to maintain their position in the market, and to disrupt the status quo. This is done to eliminate the complicated and inefficient set of separate processes that are at the core of every payment system.

The payment ecosystem is limited to being a counterpart of a broader commercial landscape, in which fraud management and data privacy are carried out integrally within the IT security framework. This framework spans towards the Internet, mobile devices, social networks and cloud services. As a result, the payment-processing organizations have to manage the risks associated with the online payments in FIAT currency via a complex and slow mechanism. On top of that, many Fintech applications have vulnerabilities when it comes to fraud, theft and chargeback prevention, carrying out cross-border transactions, providing data security, multi-currency payments and on-the-go payments.

According to IBM Commerce 'Pay It Forward' e-book there are three major challenges that the

- payment processing sector faces at the moment:
- Satisfying customers' needs for payment options and localization; Meeting security, privacy requirements and regulations;
- Reducing complexity across the payment ecosystem.

The expansion of E-commerce has increased the customer demands for multiple payment options, emphasizing the need for a seamless user experience. The high-growth areas within the industry are focused on mobile payments, multiple payment options and on-the-go payments. Cashless transactions over smartphones and tablets amount to about 39% of e-commerce sales in the UK alone as of 2015. Above that, between 2015 and 2018, the global e-commerce spending is expected to reach 56%. To enable this, retailers need to ensure that the checkout and the payment processes are smooth and optimized. In the US, the mobile payment industry is predicted to reach 73% by 2019, which will increase the payment providers' concern about security.

In spite of the rapid market development of the online payments worldwide, the problem of poor crypto currency adoption remains unresolved. Although the outstanding role of the crypto in the Fintech world is recognized and taken into consideration by the IT industry leaders, such as Microsoft and DELL, for instance, a number of technical reasons, such as the technology's inaccessibility, the overload of difficult terminology and the usability hindrances prevent the average internet user from taking advantage of digital currencies, causing their slow adoption rate. Thus, a PwC research on the crypto currency market conveyed in 2015 has shown that the level of familiarity with crypto currencies among people affects the frequency of use, meaning that the key to crypto currency user adoption lies in spreading the knowledge about it and making it more accessible for an average person.

According to the crypto currency adoption research carried out by Hardwin Spenkeliink, the three main barriers to overcome for greater crypto currency adoption are:

The ease of use/ the lack of user-friendliness: Sending and receiving digital money is still cumbersome, because each time the user decides to spend crypto currency, he/she is required to visit three different websites to be able to do simple operations such as setting up a wallet, making an exchange or spending crypto currency. Users are also lacking confidence in the safety of their funds.

Fluctuation: The price volatility of many existing altcoins is driven by speculation, whereas the lack of liquidity makes keeping funds in crypto currency risky for users. The constantly changing cost of crypto currencies, undermines the possibility of using them as a value storage.

Governance: In the Bitcoin system, the centralized governance is viewed as undemocratic, implying that the large mining pools and the big investors own most of the available bitcoin supply.

The second generation of crypto currencies, initiated by Ethereum in 2014, has taken into consideration the Bitcoin experience with all its drawbacks and designed a different governance model. Although Ethereum's blockchain has many similarities with that of Bitcoin, the main difference between the two is significant: Ethereum uses the blockchain as a shared space for other decentralized apps and smart contracts, making them easily compatible via its system. In this way, governance is taken away from a centralized individual or entity. The protocol on Ethereum does not require parties to trust each other and allows them to reach consensus automatically. The use of ether token on Ethereum excludes any possibility of speculation, because the token's main function is to serve as a fuel for the network.

Removing the above-mentioned barriers is likely to improve the adoption of digital currencies, although the success is not guaranteed. For many users, the benefits of using crypto currencies outweigh the aforementioned barriers. These benefits are:

- Low transaction costs;
- Low entry barriers for newcomers;
- Cross-border transactions at fast speed;
- Pseudonymity.

The above-mentioned factors indicate that the success of massive user adoption of crypto currencies lies in the user-friendliness and the level of awareness of the general public about the technology. Users should feel comfortable and safe with any crypto currency service having all their needs covered in the same place with no need to visit multiple websites and go through the time-consuming registration processes. Furthermore, gaining sufficient knowledge about the industry (and/or related services/products) and understanding its potential will enable users to start trusting the technology and have more confidence applying it.

PLATFORM

WHAT IS BITS DIGIT?

BITS DIGIT stands for A SME Economy on Blockchain and represents a platform, which encompasses all features of a digital economical system based on crypto currency. The BITS DIGIT system consists of a payment gateway / POS, an exchange, a merchant list, market cap rankings, an ICO marketplace, an e-wallet, Crypto Portfolio Investments various coin facilities and a mobile platform. The BITS DIGIT platform unifies all transactional aspects that are usually managed by means of FIAT/Tether money, and offers multiple crypto currency-related services in one place. The list of potential features of the platform can be infinitely extended, and will continue growing as the platform evolves.

TEAM

BITS DIGIT has an international team spread across the world with the managing board based in many countries. Apart from having the core team members residing in the above-mentioned locations, we take a great advantage of being decentralized and inclusive at the same time by having team members spread across the world and contributing to BITS DIGIT remotely.

Kumar, co-founder

Kumar is an entrepreneur and consultant in the blockchain industry since 2011, helped launching and run one of the world's first multicurrency crypto exchange. His expertise covers blockchains, cross border payment, alternative finance, investment vehicles, ICOs, and Smart Contracts.

Marjorie, co-founder

Marjorie is an entrepreneur, long-time open-source developer, and consultant with a background in multifarious fields of software and technology, including Bitcoin, cryptocurrencies, cryptography. She has a formal education in Mathematics, Logic, Computer Science, and Theoretical Physics.

J Patel, co-founder

Patel manages the technical design and setting of BITS DIGIT. 15 years of business consulting in Banking/Consumer Lending with solid IT background. For the last 18 months, developing use-cases leveraging Blockchain and Smart Contract in Banking world. Researching crypto-currency and blockchain platforms (such as Ethereum, Corda, Hyperledger Fabric)

MISSION

The main goal of BITS DIGIT is to bring crypto currencies to the masses. What BITS DIGIT aims to cater to its users is a complete experience of accessing the available crypto currency services and products in the same place. From the very first moment a customer decides to use crypto currency he/she will be guided through the platform and its features. Protected from any unwanted negative experience, the user will continuously find the new possibilities to use the platform and to interact on it. By means of this integrative approach to virtual currency services, the platform aims to become the most preferred medium, familiarizing the BITS DIGIT customers with the crypto currencies and the ways of using them. For this purpose, the BITS DIGIT platform is equipped with its own token, a wallet, an exchange, a merchant platform, payment gateway / POS and a list of features that are closely related to the use of crypto.

VISION

The BITS DIGIT team is visionary in the way it approaches the development of the SME Economy on Blockchain. On the track to massive crypto currency adoption we do not allow the limiting belief systems to interfere with the development of the BITS DIGIT platform. We accept the changes that the rapidly-evolving technologies bring, and welcome innovation on any and every level. We plan our success with determination and implement it into our strategy that implies the following steps:

- Providing for all the crypto currency users' needs via A SME Economy on Blockchain;
- Rewarding users for bringing new merchants and affiliates on board;
- Establishing a marketplace, where crypto currency users and merchants can meet each other seamlessly;
- Issuing tokens with real value for SMEs;
- Expanding the network of customers by providing the high-quality services; enhancing the security of the system;
- Adopting the disruptive innovations.

EASY LIFE

Crypto currencies have all the prerequisites to becoming a viable replacement for FIAT money over the Internet, allowing millions of customers, including merchants, startups, businesses, charities, etc. as well as the unbanked individuals to gain access to the most technologically-advanced payment methods. For this reason, at BITS DIGIT we have designed the concept of Easy life, a borderless digital economic system suitable for crypto currency users. The Easy life is aimed at eliminating the challenges faced by the online payment industry via:

Catering goods and services within the e-Commerce and the Merchant Platforms;

Increasing the community of merchants accepting crypto as the most preferable payment method via the BITS DIGIT POS;

Developing a lively marketplace with crypto currency-related services and products; integrating the public crypto currency exchange into BITS DIGIT;

Providing a competitive payment solution for industries such as gaming, real estate, etc. with direct funds deposition enabled on BITS DIGIT;

Cashing-out crypto currencies via BITS DIGIT prepaid cards.

The list of potential industries, which can benefit from using BITS DIGIT is literally infinite and cannot be defined completely. Just like the internet, which is impossible to shut down, the BITS DIGIT platform is likely to become a 'living' project, or 'a smart contract with no expiration date' that can endure many technological and social changes.

ROADMAP & DEVELOPMENT

A project as huge as BITS DIGIT would not succeed without a thorough strategic planning and expansive vision. Therefore, we put so much emphasis on writing every milestone down, and having reached it, proceed to the next one already pre-planned. Having a roadmap is very important for BITS DIGIT, as it keeps us focused on the present moment, and allows us to zoom into the future, once the targeted milestones are reached.

PHASE 1

- January 2017 – BITS DIGIT Idea

From 2009 and up until recently, using crypto currencies has been a lengthy and cumbersome process from the usability perspective. A thought of a universal platform combining all the necessary features in one place: e.g. a wallet supporting multiple crypto currencies, an exchange and a marketplace, started crossing the minds of the digital currency users. We thought about it too.

- May 2017 – Idea Validation
In the beginning, the concept seemed rather too obvious, however having done the necessary research Rune realized that no one attempted to create an integral one-stop solution platform for crypto currencies before, or at least wasn't successful in bringing it to life. Feedback, encouragement and support from the course participants convinced Rune to move on with A SME Economy on Blockchain.
- June 2017 – Whitepaper Smart Contract
The first detailed BITS DIGIT outline on paper.
- July 2017 – Team Consolidation and Dev.
- BITS DIGIT was registered in Belize IBC as a company. We started speaking about BITS DIGIT publicly, promoting it on social and networking events.

PHASE 2

- July 25-31, 2017
The BITS DIGIT Token Crowdsale (Pre-ICO)
- August 1, 2017
BITS DIGIT Token Public Crowdsale (ICO) The start of the Token Crowdsale (ICO) campaign for initial token distribution and offering.
- August 31st, 2017
Token Crowdsale (ICO) ends
- Sep 1st, 2017
- Release and trading of the BITS DIGIT tokens BITSD in Exchange. The BITS DIGIT platform will be live with a fully operational crypto currency exchange, newsfeed, market ranking, e-wallet, APIs, coin listing, proof-of-development and the first set of merchants' services, Payments hubs.
- Sep 15th 2017
Pre-Marketing to Strategic Partners and Merchants.
- Sep 30th 2017
Merchants and Users on board BITS DIGIT
- Oct 31st 2017
B2B remittance via CoinPip
Enhanced AML functions via CoinFirm Community channel via Howdy
Digital signing of documents and certificates via draglet.

PHASE 3

BITS DIGIT is a living project that aims to evolve and develop in the same trajectory as the rapidly-changing Fintech industry. To be able to keep up with the industry trends, throughout late 2017 and 2018 we will be looking for:

Strategic Partnerships with innovative companies from the Fintech, the blockchain and the related areas to help bringing their disruptive ideas to fruition, and to develop the new solutions by means of the BITS DIGIT infrastructure;

Mergers and Acquisitions: start-ups that have powerful concepts and the potential to increase the technological and the market value will be able to merge with or be acquired by BITS DIGIT;

Incorporation of BITS DIGIT as entity in different locations of the world for the sake of the strategic and the optimized efficiency. Our Business Development Plan implies establishing the BITS DIGIT Regional Offices worldwide in accord with the Team growth;

Development of the new features: the flexible structure of BITS DIGIT allows adding new features to the system continuously and always staying up-to-date with the industry's requirements and the customers' needs.

UPCOMING FEATURES

The upcoming features, which will be developed in this phase include:

- Smart Contracts as a Service (SCaaS)
- Smart Contracts as a Service (SCaaS) is a segment of BITS DIGIT, which allows businesses to create and execute smart contracts within their system in order to simplify and automate their actions. SCaaS has potential to become as popular as SaaS (Software as a Service) in terms of its adoption within businesses, and has been predicted to advance the functionality within a wide range of industries. For this reason, we aim to advance the BITS DIGIT software gradually to be in tune with this technological trend.

BITS DIGIT has a very wide range of possibilities for development within the crypto currency industry. One of the main objectives of BITS DIGIT is to create an environment, in which the community of crypto currency users will continually expand. Therefore, BITS DIGIT invites startups onboard to create a vibrant market with a financial model that everyone can benefit from. The first step to building the market is realized through offering Smart Contracts as a Service allowing to implement the following features:

- Crowd funding
- Peer-to-peer funding healthcare marketplaces escrow
- Insurance/Project voting, etc.
- Multisignature Address Safety
- Multi Signature Wallets
- Commodities
- Biometrics Registration
- SME Funding etc.

The full list of potential applications of SCaaS cannot be complete at this point of the technology's development, because it is very new. The same is true about the entire BITS DIGIT system that is subject to continuous change aiming for the leading position in the market.

Smart contracts within BITS DIGIT are offered as standardized templates to be signed on the blockchain for a small fee, enabling agreements between people, regardless of location. At BITS DIGIT, we keep our mind open for collaboration with enterprises, businesses and startups that share the same vision and would like to cooperate in making the platform more global.

DAO

The future of BITS DIGIT goes far beyond the existing structure and functionality, and will reach the point in the future when it will become completely autonomous, decentralized, and run or managed as a DAO.

In a simplified way, DAO is a computer program, run by a peer-to-peer network, in which the governance and the decision-making is prescribed by the code or the pre-programmed smart contracts. DAOs can be set to operate autonomously, without human involvement, implying that the code can provide the direct, real-time control of the DAO and the funds stored on it.

Because of its decentralized governance, DAOs have no central point of failure, representing the new generation of organizations and businesses that can be turned into DACs (Decentralized Autonomous Corporations and/or Companies). In the future, the BITS DIGIT system will also allow creating DAOs for and by other customers as one of its added features.

BITS DIGIT is meant to propose a means of improving the overall crypto currency user experience, shaping the foundation for a community of crypto currency users: companies, startups, employers and employees, traders, customers and merchants into a viable market. All of the above-mentioned are the essential elements required for the mass adoption of crypto currency.

BITS DIGIT has a very wide range of possibilities for development within the crypto currency industry. One of the main objectives of BITS DIGIT is to create an environment, in which the community of crypto currency users will continually expand. Therefore, BITS DIGIT invites startups onboard to create a vibrant market based on a financial model that everyone can benefit from.

In order to expand, BITS DIGIT aims to implement 3-5 new features each quarter, and apart from following its long- and short-term goals intends to make new partnerships constantly, adding new products and services that can help to extend the functionality of the platform.

The number of features, that can be implemented into the BITS DIGIT platform is potentially infinite, however the diversity of the digital ecosystem promoted by BITS DIGIT would not be possible without products and services originating from the external sources. Seeking to explore the new markets, we are looking forward to joining forces with the enterprises that share our vision and are willing to contribute to making the platform more global as well as becoming part of the cooperative blockchain/fintech community.

A SME Economy on Blockchain is developed with regard to the global needs of the crypto currency industry in general, and with due attention to the demands of the individual users who intend to manage their assets online. The platform is focused on providing individuals with approachable guidelines for a smooth start in the crypto currency world: helping those who already own a business to improve the quality of their service, and catering online payments and crypto currency services to individuals.

The initial features embedded into the BITS DIGIT platform design are:

Wallet, providing BITS DIGIT users with a secure medium to store crypto currencies;

ICO Market for SME not-tech/tech business to start crowdfunding for their business/project

Crypto Portfolio for traditional investors with prebuilt portfolios.

Market cap listing, an archive list featuring the market prices, the trading volume and the whitepapers of the most popular crypto currencies;

Merchant list, an early version of the BITS DIGIT marketplace, on which customers can find merchants accepting crypto currency payments for their services directly via BITS DIGIT;

Merchant Platform, a virtual marketplace, on which customers can search for merchants, services and products that are crypto currency-friendly;

Crypto currency listing, a feature that allows coin developers and owners to add their tokens to the Exchange and to become part of the BITS DIGIT ecosystem;

Proof-of-development, a mechanism that analyzes and lists blockchain, crypto currency, DApps, smart contracts and DLT developers, helping individuals and businesses to hire the approved devs;

News feed that displays articles published by top blockchain media platforms, the updates from BITS DIGIT and the twitter posts.

The principal BITS DIGIT applications are:

The Core Application, consists of account management tools, the registration and the login processes, security procedures and the password reset mechanism;

Payment gateway / POS, a merchant tool that helps merchants to integrate crypto currency payments into their web-shops;

Exchange, supports the most tradable crypto currencies, allows BITS DIGIT users to place orders, to trade and to swap the funds deposited on their BITS DIGIT balances.

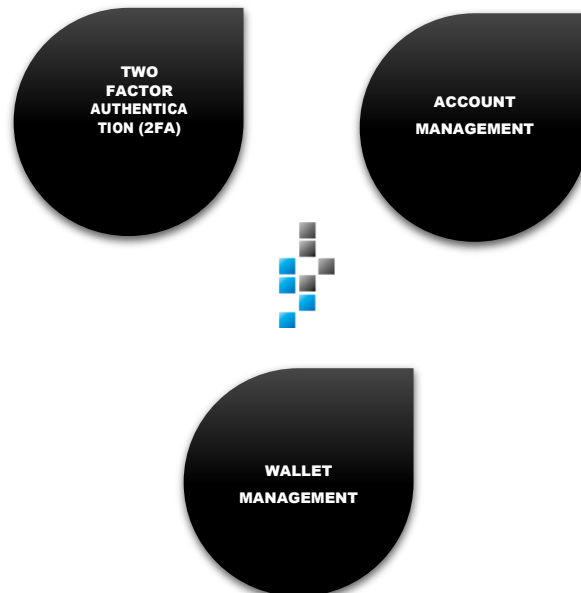
The full BITS DIGIT system is composed out of multiple inter-connected applications that are available to the BITS DIGIT account owners, divided into two main types of users: the normal users and the admins.

THE CORE APPLICATION

The core application offers BITS DIGIT users the following functionalities:

Account management:

- A. Registering a new account
- B. Login into an existing account
- C. Logout
- D. User profile deletion
- E. Configuration security
password change, adding phone number, setting email address, two-factor authentication configuration
- F. Viewing account activity log
 - Two Factor Authentication (2FA);
 - Wallet Management
- A. Viewing balance in each currency
- B. Making deposits
- C. Creating withdrawal requests



THE LOGIN PROCESS AND

THE ACCOUNT MANAGEMENT

The New Account registration process

In order to register a new account, the customer must provide the following information:

email address (unique

Password at least 8 characters long, including 1 number, 1 letter, 1 special character

(e.g. \$@!%*#?&±+=_^^).

After submitting the form, the user must confirm his/her email address by clicking on the confirmation link. The user can't access the account until he/she confirms the email address.

Login into an existing account

Users can choose to go through the authentication process by entering their email address/username and password. There is a number of ways to prevent malicious breaking into an account by an unauthorized individual:

If the number of failed authentication attempts exceeds 3 times, the application will request users to submit a CAPTCHA code;

If there were more than 6 failed authentication requests, the application will send an e-mail notification to the user;

If more than 10 failed authentication requests have been made, the application will block the user's account for 10 minutes.

Having registered a BITS DIGIT account, a user is granted access to the following modules:

User information

Users can change their profile details (e.g. email address, first name, last name, profile picture and address).

Wallet

In this section users can view all their balances in crypto and FIAT currencies. They can also choose to withdraw or to deposit funds.

The currency exchange balances, which cannot be withdrawn are placed to the Exchange orders and are also displayed here.

The BITS DIGIT funds are kept in 3 different types of wallets: the hot wallets, the warm wallets and the cold wallets. The main funds of BITS DIGIT account holders are kept in the cold wallet, while the funds, which are expected to be actively used for transactions are kept in the warm wallet, thus preventing the loss of funds. The hot wallet is mainly used for deposits and the temporary storage.

Hot wallets:

Hot wallets are stored into the platform and are used for deposits. These wallets hold funds only for a limited amount of time, as the deposit transactions are being confirmed. After the blockchain transactions are confirmed, the funds are scheduled to be moved to the warm wallet.

Warm wallets:

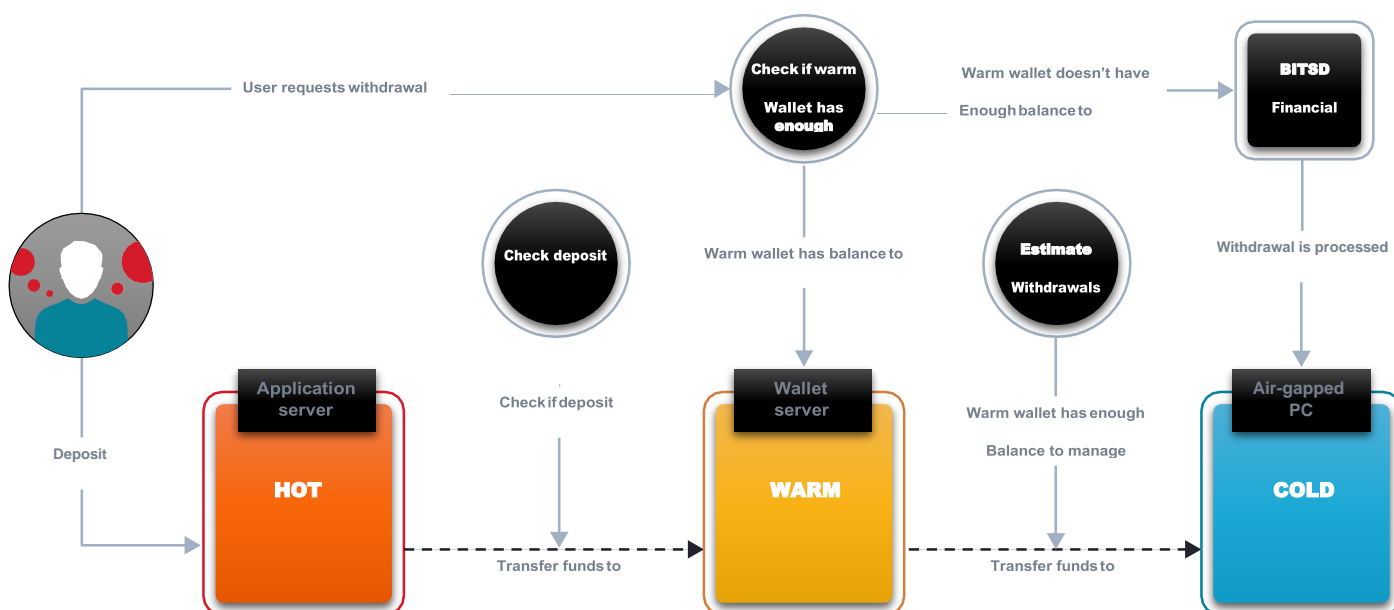
Warm wallets are stored on a totally separate server that has all the security measures to be protected: all communication ports except for the blockchain synchronization ones are blocked, no user has access to the server directly, the wallet's password is encrypted, etc.

Only a limited amount of funds can be stored in the warm wallet.

Cold wallets:

Cold wallets are stored on air-gapped PCs in the BITS DIGIT office in Singapore. These computers have no internet connection, and the transactions from the cold wallets are processed manually by our financial managers.

The majority of funds is stored in the cold wallets.



KYC/AML

A user can check his/her account status in the left section of the menu. The account status can be upgraded by completing the KYC levels. Each KYC level comes with different limits and requirements.

Via the KYC mechanism, BITS DIGIT verifies users before allowing them to access their accounts on the platform. To register a new account, the user needs to fill-in the email address and his/her full name. The application will send a confirmation via e-mail, in which the user will be required to click on the confirmation link, before he/she would be able to access the account.

The KYC levels available on BITS DIGIT are:

1. Basic

Requirements:

- E-mail address verification;

Benefits: < \$2000 per day Withdrawal/Deposit only by Crypto currencies;

2. Master

Requirements:

- Proof of Identity (submitting an identity document with a picture);
- Proof of Residency (utility bill or bank statement);
- Personal Information;

Benefits: Trading volume < \$50000 per day Withdrawal/Deposit by Crypto/Fiat currencies;

3. Expert

Requirements:

- Video conference with the BITS DIGIT compliance team;

Benefits: Withdrawal/Deposit by Crypto/Fiat currencies;

BITS DIGIT is a Belize based company and doing formalities in many other countries to legalize it in most of the global locations, therefore it reports to the Monetary Authority of many countries

and the other legal organizations of the different location. For this reason, all the KYC requirements on BITS DIGIT are in sync with the laws of respective location.

The BITS DIGIT platform automatically sets the user's country based on his/her IP address. The user can change the country any time in his/her profile screen.

Besides requesting the KYC information, BITS DIGIT tracks each user's transactions and data within the platform in order to comply with the Anti-Money-Laundering (AML) rules. In order to follow the AML/KYC rules, the platform has the following setup mechanisms:

Collecting the information about all login attempts and IP addresses from users;

Screening for and reporting about multiple accounts registered by the same user by comparing names, addresses and IP addresses;

Collecting the trading history, the deposit and the withdrawal addresses from all users.

For enhanced security BITS DIGIT implements services from CoinFirm, a company that offers AML blockchain solutions. All incoming transactions on BITS DIGIT are screened, and if the receiving users' wallets have ever been involved into any illegal activities, the deposited funds will be rejected. This advanced security feature guarantees the BITS DIGIT customers their trading safely.

History

In the history section, a user can view his/her transaction history, including the information about withdrawals, deposits, the account security information, etc. The actions in this section are grouped into the following types:

Accounts: creation, authentication, enabling/disabling 2FA, adding a phone number, changing password / email, upgrading the account KYC level;

Exchanges: creating / completing orders, trading;

Deposits & Withdrawals: viewing the history of deposits, withdrawals and transactions;

Security

The main priority of the BITS DIGIT team is the Security of the system, ensuring the BITS DIGIT users from any unwanted and fraudulent activities on their accounts by means of the advanced two-factor authentication and the end-to-end encryption processes.

The Security sub-module can only be accessed after an additional password confirmation has been accomplished (for security reasons). This sub-module can be used to:

- Edit the user's phone number and the email address (only after the confirmation);

- Change the password;
- Activate/deactivate the two-factor authentication (2FA).

Upon the 2FA activation, a user receives a 2FA code displayed in the BITS DIGIT mobile authentication app or in an email.

The application displays a list of balances for all crypto- / FIAT currencies that a user possesses. A user is also capable of making deposits and withdrawals from and to his/her account.

The menu section on the left is used to display the available sub-modules and the users' account types (based on the KYC input information). This section also has a referral link that a user can share via email, Facebook, twitter or LinkedIn to increase his/her affiliate level and to receive the additional perks.

Deposit

A user can deposit FIAT or digital currencies by pressing the buttons in the wallet bar inside the application. After pressing the Deposit button, he/she can select a FIAT or a crypto-currency he/she intends to deposit.

If the user chooses to deposit a FIAT currency, he/she will be redirected to several payment options. The possible action flow will be based on the selected payment method. If a user opted for Bank Transfer he/she will be taken to a page, on which the bank transfer details can be viewed and downloaded in the PDF format.

If the user has selected a payment gateway, he/she will land on the respective website to complete the payment. After the payment is completed, the user will return to BITS DIGIT for payment confirmation. The confirmation page will inform the user that the payment has been completed and processed.

If a user chooses to deposit a crypto currency, he/she will see a pop-up with a wallet address and a QR-code of the payment receiver. The payment can be completed by scanning the QR-code, copying and pasting the address, or simply by clicking on the payment link (if the user's wallet app is installed on the device he/she is using). Depending on the crypto currency type, the user's balance will be updated after several confirmations. An email confirmation will also be sent out once the payment is received, indicating that the payment is completed.

Withdrawal

Withdrawals from users' balances are enabled in both FIAT and CRYPTO currencies. Users can withdraw amounts of any currency (FIAT or CRYPTO) that they own. Withdrawals are processed differently depending on the currency that is being retrieved. Some of the withdrawals are automated and some are manual. The automated withdrawals are enabled for users owning small amounts of crypto.

If the user opts to retrieve a certain FIAT currency, he/she must enter his/her bank account details, and the withdrawal amount, and submit the withdrawal request. The withdrawal request is then manually processed by the back-office operator, and executed in the web-banking interface.

Withdrawing in CRYPTO is similar: a user completes a withdrawal request, fills in the crypto currency address and the amount in the required fields.

Merchant Platform

The merchant platform on BITS DIGIT aims to bring together the crypto currency-friendly businesses and the potential clients, facilitating the communication between them for the mutual benefit. In this way, the BITS DIGIT platform performs the role of a middleman in the massive crypto currency adoption, helping customers to spend and to acquire their digital coins all in one place.

The merchant platform is the first step towards creating a marketplace, which will become an essential part of the BITS DIGIT Easy Life.

The merchant platform on BITS DIGIT includes a payment processor that enables businesses to send and to receive transactions in a large number of crypto currencies. This module allows users to create and to configure merchants' accounts.

The merchant account confirmation is done by confirming the branches. For this purpose, a KYB (Know-Your-Business) solution has been set in place. For each branch, and after having a complete profile, the merchant owner has to upload information with regards to tax registration, the proof of identity and the proof of address.

Merchant Account

A merchant's account is owned by the user who created it. This user automatically becomes the owner of this merchant account. The ownership status cannot be transferred to anyone else and is in the ultimate possession of rights on the merchant's account.

A merchant can select crypto currencies he/she would like to accept for each of the branches (e.g. shops, locations, businesses). Additionally, a merchant can add discount intervals for each crypto currency and set the maximum payment amounts even merchant can set it on risk or no risk mode

Risk mode will keep all funds in crypto wallets but no risk mode will convert it to fiat currency automatically at the time of payment.

Payment Gateway / POS

The payment gateway is an e-Commerce merchant service allowing BITS DIGIT users to authorize online payments sent through the platform. It is an effective marketing tool that supports multiple currencies, integrates the exchange rates, and has speedy KYB process, reporting, integration and payment mechanisms:

The payment gateway offers BITS DIGIT users multiple exchange rates from FIAT to crypto currencies, and can be extended upon users' request;

Fast and secure KYB (Know-Your-Business), allowing Merchants to rest assured that the validation of their branches will not take long;

Reporting tools within merchant platform are aimed to simplify Merchant's accounting;

The BITS DIGIT payment gateway integration takes less than 1 development hour with the BITS DIGIT scripts;

Payment Buttons and Links for Merchants, who don't have a web-shop. The payment link is a merchant tool which, allows receiving payments for their products online quickly. The payment link is generated from the merchant's profile. It contains the information that a user requires to be able to pay for a specific item (the amount of crypto, the crypto-currency used and the merchant's wallet address). This link can be sent to the customers through any means of communication, and when clicked on, it opens up a page similar to the Payment Gateway page.

The 3rd party plugins such as Woo Commerce & Magento to accept crypto currency payments.

Exchange

The BITS DIGIT platform has an integrated Exchange developed to handle both crypto- and FIAT currencies. The users can trade currencies directly from their BITS DIGIT wallets. Merchants cannot trade on the Exchange. In order to exchange their funds, stored in crypto currencies into FIAT, merchants are required to withdraw these funds to their personal user accounts, which allow them to trade.

The trading pairs on the BITS DIGIT Exchange are dynamically managed from the Exchange back-end. The Admin will be able to add a new pair, to set up dynamic fees for each individual currency and so on. Users can mark certain pairs as favorites.

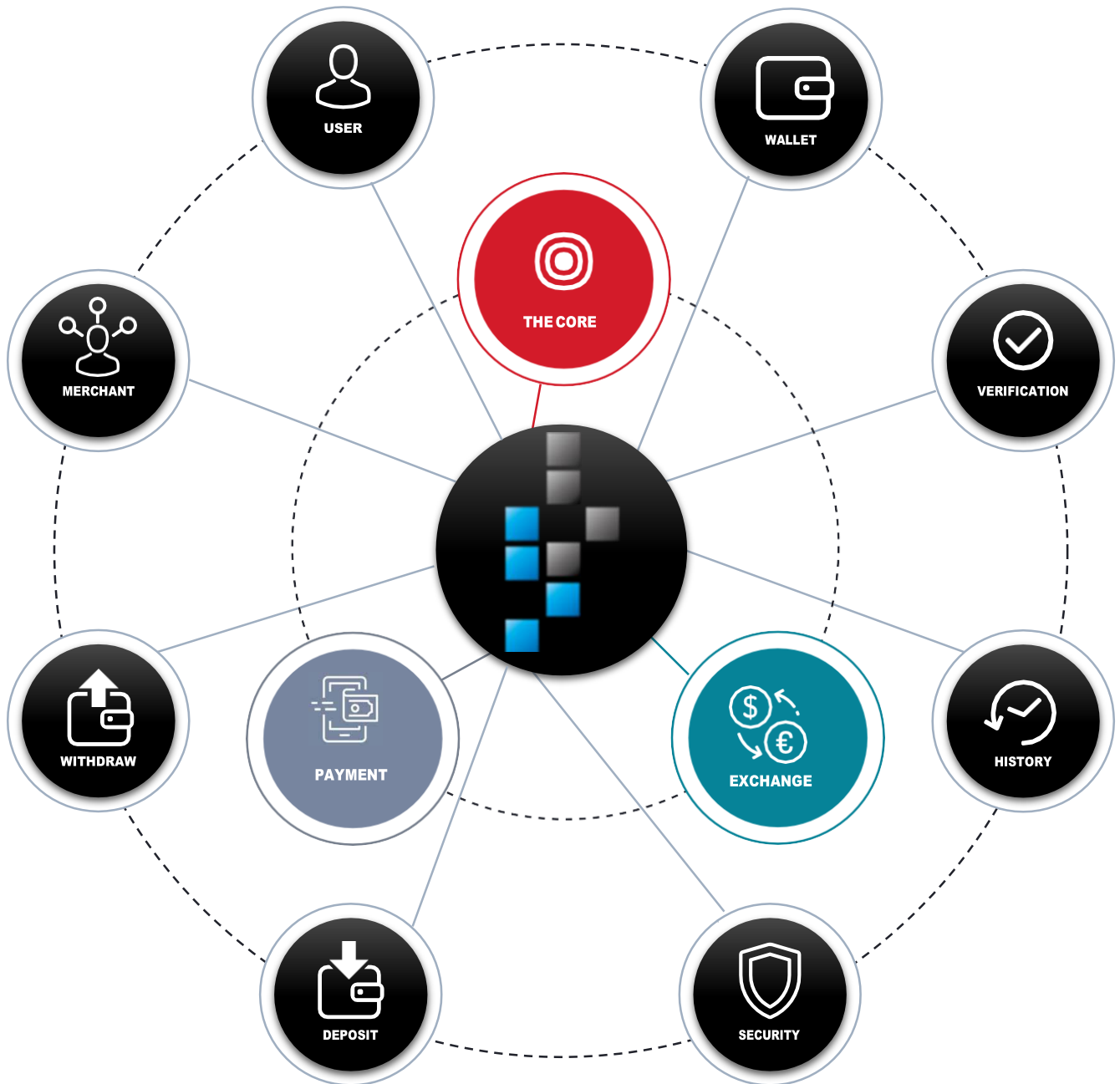
For each trading pair, the Exchange displays the following information: the type of currency, the daily transaction volume of the chosen crypto currency and the price increase / decrease over the last 24 hours.

The BITS DIGIT Exchange is based on a separate, independent custom-developed trading engine. This trading engine communicates with the web-server through an internal API. The trade takes place automatically based on the orders available on the exchange in the real time.

Every trade occurs between two parties: the maker, who places his/her order displayed in the order book prior to the trade, and the taker, who places a matching order or accepts the maker's order.

The BITS DIGIT Exchange offers both the Limit and the Market Orders: The Limit orders are executed by the engine automatically when the price matches; if the price does not match, the limit order may never be executed; the Market orders are executed instantly.

Module



BITS DIGIT TOKEN

BITS DIGIT is a 100% self-funded project that did not rely on any external investments prior to and upon its launch. The new and very expansive curve of its development implies launching a token native to the platform that will provide investment opportunities to people who share the BITS DIGIT vision and believe in the project's potential. The name of the token is BITS DIGIT.

The BITS DIGIT token is a revenue-generating crypto currency that enables owners to receive revenues in the form of transaction fees charged by the BITS DIGIT system for crypto currency transactions.

The revenues are transferred to the BITS DIGIT token holders' wallets on a weekly basis. The interest is generated by the transaction fee when transactions in Bitcoin, Ether, and other crypto currencies supported by BITS DIGIT are carried out on the exchange and/or through the POS/Payment Gateway.

The platform generates revenue from three sources:

Withdrawal fees:

The crypto currency withdrawal fees generate the revenue for the platform, however most of the fees are used by the network to process the withdrawal.

Throughout this process no direct revenue is generated, which means that no amount of the withdrawal fee is shared with the BITSD token owners.

Exchange transaction fee:

BITS DIGIT utilizes the maker-taker transaction fee scheme that generates a pure revenue for the platform. The fee is charged from both members of the traded pair.

The fees begin with 0.2% of the taker and maker's fee, and end at 0.04% derived from transactions; 50% of this revenue is shared with the BITSD token owners.

Payment gateway:

The merchant selling goods by means of the payment gateway or the POS creates the revenue for the platform.

The BITS DIGIT merchant platform operates on a 0.75% fee derived from each transaction;

The fee is generated in the crypto currency that is used for that respective transaction. The fee is generated in both crypto currencies traded within a pair. In the case of a FIAT pair, only the fees paid in crypto currencies will be distributed to the token holders.

50% of this revenue is shared with the BITSD token owners.

BITS DIGIT Token Crowdsale (ICO)

The BITS DIGIT token will be available for exchange during the crowdsale (ICO) campaign that will take place on 1st August 2017. During the Token sale (ICO) the total of 6,300,000 BITSD tokens will be available for sale by smart contract and with other payment options also, and will be exchangeable at the rate of: 1 ETH = 300 BITSD Tokens.

*To be revealed on July 20th before the start of the crowdsale (pre-ICO).

The BITS DIGIT Token Sale timeline:

July 25th: Presale (Pre-ICO) (700,000 BITSD Tokens available)

Inviting strategic partners with a minimum buy-in of 10 ETH + 20% bonus BITSD Tokens. The Presale will last for 10 days.

July 31st: End of the Presale

August 1st: The official start of the BITSD Token public crowdsale (ICO) with the total of 6,300,000 BITSD

Bonus available:

First week Days 10%

Second week Days 5%

August 31st: The end of the Token Sale

The Token Sale ends, unless the total amount of tokens is sold-out earlier. Visit www.bitsdigit.com for more details regarding the BITSD Token Sale.

September 1st: The release and the official start of the BITSD Token trading in Bits Digit Exchange

BITSD Token

Bits Digit is raising funds to support the establishment of the Exchange Platform and to deliver the respective technologies. For that reason, Bits Digit is issuing BITSD Tokens (BITSD) through the smart contract system operated by Ethereum. The funds raised by the sale of tokens will be retained by the Bits Digit until for future developments.



BITSD Token symbol

Token name: BITSD Token – BITS DIGIT Profit-Share Smart Contract

The Tokens will be assigned pro-rata to the funds provided to the Bits Digit during the ICO.

Payout Structure:

According to the Bylaws, at the end of every month, 50% of exchange profit of Bits Digit will be transferred to the specific Ethereum (ETH) wallet. The ETH is then redistributed to all holders of BITSD Tokens according to smart contract conditions (i.e. the stake of profit is received pro-rata the share of tokens owned).

Token supply:

The token sold during the token launch is known as the BITSD Token (BITSD). The total supply of BITSD is fixed to 7,000,000.

The supply of BITSD will be limited to the pool of tokens created during crowd funding period.

- Maximum number of tokens created during crowd funding period:
 - Total: 7,000,000 (100%)
 - Crowd funding participants: Smart Contract 6,300,000 (Bonus added) (90%)
 - BITSD development Team/Presale: 700,000 (10%)
- Sending 1 Ether or same value of other currency to the BITSD account will create 300 BITSD (Minimum 1 ETH)
- Tokens will be transferable as transaction successfully completed.

Bonus:

Pre-Sale 20%

First week Days or Crowdsale 10%

Second week Days Crowdsale 5%

BITS DIGIT Affiliate Program

Followed by the Token Sale (ICO), BITS DIGIT launches an affiliate program to stimulate the further growth of the platform and to reward the contributors.

All BITS DIGIT users have a referral URL displayed in their account. By sharing the link and inviting the new users to the platform, they can earn 20% on the revenue their referrals generate at BITS DIGIT Exchange.

BITSD Profit Sharing

BITS DIGIT will run a Profit sharing that shares the revenue with its holders. The BITSD is sustained by the BITS DIGIT token, a crypto currency built on top of the Ethereum platform that proves rights of revenue share inside the BITS DIGIT application. 50% of the revenue generated by the Exchange will be shared among the token owners by smart contract.

In the future, more revenue-generating features will be implemented in accord with the BITS DIGIT roadmap to increase the revenue share, so that 50% of the fees belonging to BITS DIGIT will be distributed to the token holders:

Exchange trading fees:

BITS DIGIT Exchange has a maker-taker fee, as both parties in the exchange are charged fees; Fees are generated in both crypto currencies that are traded, and are distributed to the BITSD token owners.

Merchant trading fees:

Merchants selling goods via the payment gateway or the POS system at BITS DIGIT are paying a 0.75% fee of the total amount received from the customers via the POS in crypto currency; the fee, generated by the system, will be distributed to the BITSD token holders by smart contract.

The generated fees are stored by the BITS DIGIT system in the cold wallet. Each week, on Sunday at 5 AM GMT all revenues are distributed to the BITSD token owners, based on their stake in the BITS DIGIT Token.

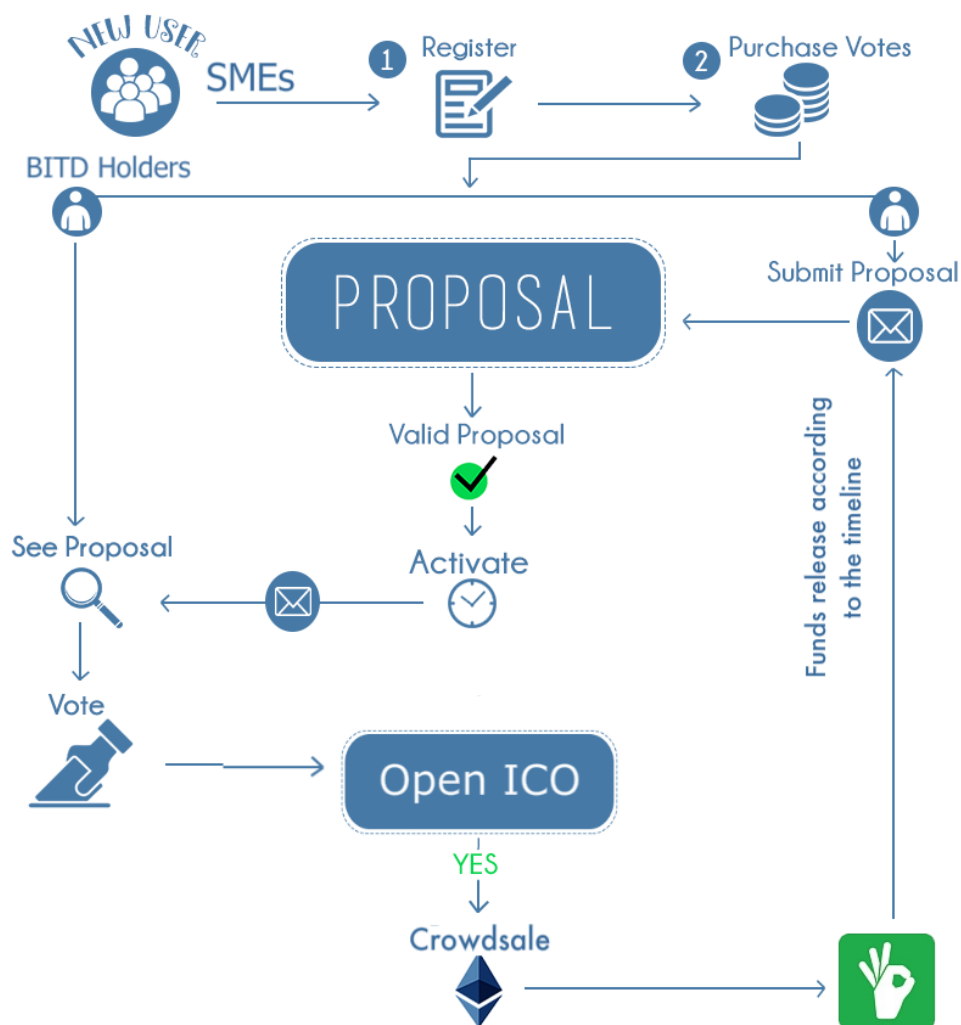
Each BITSD token owner have to keep BITSD token to get shared by smart-contract function.

Since the actual sharing of the revenue is the internal BITS DIGIT task, no transaction fees are applicable to the revenue distribution. The BITS DIGIT tokens can be withdrawn by the token owners at any time.

SME ICO Crowd funding:

This is our most advance and revolutionary module in order to involve the public which has been far away from blockchain technology, with this module we are implementing a decentralize project voting by BITSD holders in order to list any SME crowd funding in our exchange by creating a tradable asset for the project developers business in order to share business profit to the token holders of that particular business even that asset can be listed any of the exchanges.

In order to list any project developer have to present a whitepaper to our decentralized community for voting on that project. After as positive voting we will do general verifications of project creator and then we will start his/her ICO in our exchange using smart contract. Whatever fund project will create will be held in an escrow wallet and will be relies according the time line of project.



CONCLUSION

The crypto currency domain has evolved within the recent years, bringing into fruition a great variety of sites with all sorts of crypto currency services, similar to one another, and very limited in terms of functionality. However, the analysis of the crypto currency users' behaviors has indicated that many of them are looking for a unified medium allowing to manage multiple crypto in one place, as well as comprising the principles of the educational websites, the wallet providers, the rankings and the exchanges.

Such a platform, compatible with multiple sites, products and services in relation to crypto currencies, designed to perform various business deals can significantly change the way most crypto currencies are operated at the present moment. The paradigm shift initiated by innovations like Bitcoin, Ethereum and the DLT can be taken a step further to boost the massive adoption of digital currencies, and to stabilize the role of this pioneering market in the global economy by providing a better user experience. This is the main idea behind BITS DIGIT, the A SME Economy on Blockchain.

BITS DIGIT aims to consolidate and gain the like-minded crypto currency users (customers, merchants, enthusiasts, developers, businesses, startups, investors, traders, etc.) on board around a user-friendly and intuitive platform that can seamlessly integrate all the existing features under the same structure. This platform comprises an exchange, rankings, merchant tools, a marketplace and a venue for social networking, but of course is not limited to these functions only.

BITS DIGIT offers an entirely new customer and merchant experiences to its users, who can be businesses and consumers at the same time. BITS DIGIT allows building further applications upon its foundation, and thus, growing and expanding infinitely, driven by the customers' demands and the rapidly-evolving market. The customers of the BITS DIGIT platform are people from all walks of life with various needs and interests. Such a versatile community is a great source of inspiration for the non-techie users willing to use crypto currency and to benefit from it in the long-run, and increasing the merchants' conversion rates as they grow in number.

The BITS DIGIT platform is optimized to provide limitless e-commerce services helping individuals and merchants to embrace the best crypto currency user experiences. This doesn't only include services such as marketplace, exchange, point-of-sale (POS), but also the products, services and applications, which are yet to come.

DEFINITIONS

The Blockchain is a distributed database, which utilizes the digital ledger technology that stores transaction records, and shares them among a distributed network of computers. By means of cryptography each participant of the network can access and manage the ledger in a secure way. No central authority in this system is needed. The blockchain maintains a continuously-growing list of records (blocks), each containing a timestamp and a link to the previous one.

A Cryptocurrency is a medium of exchange, which makes use of cryptography to secure transactions and to control the creation of the additional currency units. The development of cryptocurrency has been actively growing in the past decade, thus offering a broad range of transactional possibilities to both users and organizations.

A Decentralized Application (DAPP) is a type of software represented by a set of smart contracts and the code that enables them. A DAPP is designed to exist in the Internet so that no single entity can control it. DAPPs are similar to traditional web applications, although they don't have a centralized server. The function of a server is accomplished by the blockchain. DAPPs can be built on top of the blockchain, just like various altcoins. They can also connect to the other web apps and the decentralized technologies.

A Decentralized Autonomous Organization (DAO) is a computer program, run by a peer-to-peer network, in which the governance and the decision-making is prescribed by code or the pre-programmed smart contracts.

A Distributed Applications (distributed apps or dAPPs) are applications or software that is run on multiple computers at the same time, and can be stored on servers or by means of cloud computing. Unlike the traditional digital applications that are governed by a centralized system, the distributed applications function on multiple systems simultaneously to perform a single task or job.

The Distributed Ledger Technology (DLT) represents a consensus of replicated, shared and synchronized digital data, geographically spread across multiple sites, countries and/or institutions. The efficiency of a distributed ledger is derived from the immediate displaying of changes made by any participant in all copies of the ledger. The full potential of distributed ledgers is attained at the moment when other applications are layered on top of them (e.g. smart contracts).

Presale a pre-sale before the official Token crowd sale (see Token crowd sale) takes place. This form of sale is designed specifically for strategic partners and the community members.

The Initial Coin Offering (ICO) is a form of fund raising initiated by crypto currency ventures, during which a percentage of the newly-issued crypto currency is sold to the early investors throughout the marketing campaign.

Smart Contracts represent contracts on the blockchain with terms recorded in the computer language; they can be automatically processed by computer systems, and perform functions such as value distribution, data storage, interaction with the other contracts, etc. It is economically viable to use these contracts, as they are low-costing and adaptable to various enforcements and compliances.



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110,02
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+0,88
0,67%

+0,3100
0,55%

+270,00
0,43%

-0,004
1,00%

-0,10
0,00%

BIRSDIGIT