**betbox.ai**

# AI-driven sports betting Hedge Fund

## ICO (Business) White Paper
## Version 2.2.0

## 1. Abstract

Betting has always been pointed out as an unclear, obscure and unsecure market. That is correct if you perceive it from an emotional point of view: you bet on your dream team and you lose, but you will still continue to bet on your dream team. That is not rational, that's emotional. What if we changed your perspective and looked at this market in a functional way, as an investment opportunity, a chance to diversify your income portfolio?

Let's think about stock exchange securities market: future contracts are gambles which, according to their risk profile, produce incomes, such as a football match quotation represents the risk profile of a bet – regarding both of them: the higher the risk, the higher the income.

We have decided to look up to sports betting market as an exchange securities market where, above all, you can invest, like we do.

What makes our way of investing so secure and so profitable is AI: our goal consists in demonstrating and showing our competence and ability in combining machine learning and sports betting market, creating a new asset class for your betting portfolio, guaranteeing a certain income, over a certain period of time.

## 2. Vision

The sports betting market fuels our imagination like nothing else. Unlimited data to study. Countless ways to take action. Fast and real-time feedbacks. Boundless opportunity. It's got it all.

Some people call us systematic. Here's what that means to us: we combine fully-automated and scalable AI technology, deep neural networks and machine learning with a performing infrastructure architecture and a data-driven approach, to develop sophisticated trading models for the sports betting market.

AI brings new complexities to the market. And AI programs will only get more complex as computing power increases and more data become available. We use technology in an effort to constantly refine our investment process and our insights into how the markets will behave. Risk is a living thing in our business, and we watch over it carefully.

## 3. What is BetBox

BetBox is an AI-driven Hedge Fund, bringing the power of Machine Learning and Deep Neural Networks to turn sports betting into an alternative asset class. Our approach is rooted in science, rather than financial theory and implemented by a large team of researchers with backgrounds ranging from physics to computational math, ingesting more than 5,000,000 pieces of information daily. BetBox has developed a large amount of proprietary technology and algorithms, finding knowledge in unstructured data and sitting at the core of our trading activity.

## 4. Roadmap

There are three core elements to ensure success when building a systematic Hedge Fund: technology, capital and compliance. BetBox's team has a proven track record in developing exponential organisations and synergies between these core elements.

Prior the ICO, BetBox had already developed crucial parts of these three elements and already had a minimum viable products.

*Roadmap*



| | | | NEXT | |
|---|---|---|---|---|
| BetBox project started NOV 2015 | Incorporation + First US$470k Seed MAY 2016 | pre-Initial Coin Offer pre-ICO (COMPLETED) NOV 2017 | **Hedge Fund Licensing APR 2018** | Secondary Coin Offer SCO H1 2019 |
| MVP BetBox Beta (β) 18,76 x FEB 2016 | BetBox ETP 28,12 x OCT 2016 | **Initial Coin Offer ICO DEC 2017** | Qualified Investors fundraising MAY 2018 | |

CURRENT

Our idea was born at the end of 2015: looking up to the sports betting market we noticed it could be a source of data for training our Machine Learning and Neural Nets skills. We realized we could use real-time odds from all the online bookmakers we could reach to calculate a probability value for each match and, by using AI technology and algorithm, understanding which team to bet on and how much money to bet.

Therefore, we decided to implement a MVP (Minimum Viable Product) called BetBox Beta, which offered 18.76x return on 7429 bets, over a 6-month-period.

After implementing the MVP Beta product we understood we could further improve our results: for this reason we managed to raise US$470K seed from a private business angels' Syndicate, in May 2016.

This funding allowed us, in October 2016, to implement the current BetBox ETP (European Top Players) product and to strongly improve the economic return (28.12x on 4231 bets, over the same period of time).

In November 2017 we succesfully closed pre-ICO stage (100% hard cap) implementing new global and multi-sports products (Boxes) at the service of the Sports Betting

Hedge Fund we are creating: the BetBox Hedge Fund.

We have a tight schedule about the creation of the Hedge Fund:
- December 2017: we scheduled a ICO to build a successfull Hedge Fund fot the AI era;
- April 2018: the key milestone to be achieved after the ICO is to obtain a Hedge Fund
        license in Gibraltar, which would be the necessary licensing requirements to
        fulfil BetBox's initial vision as set out in this document;
- May 2018: qualified investors' fundraising to launch the Fund;
- H1 2019: the rest of the 40% tokens will be distributed during a SCO (secondary coin
        offer) in the future to support scaling-up.

*Performance*
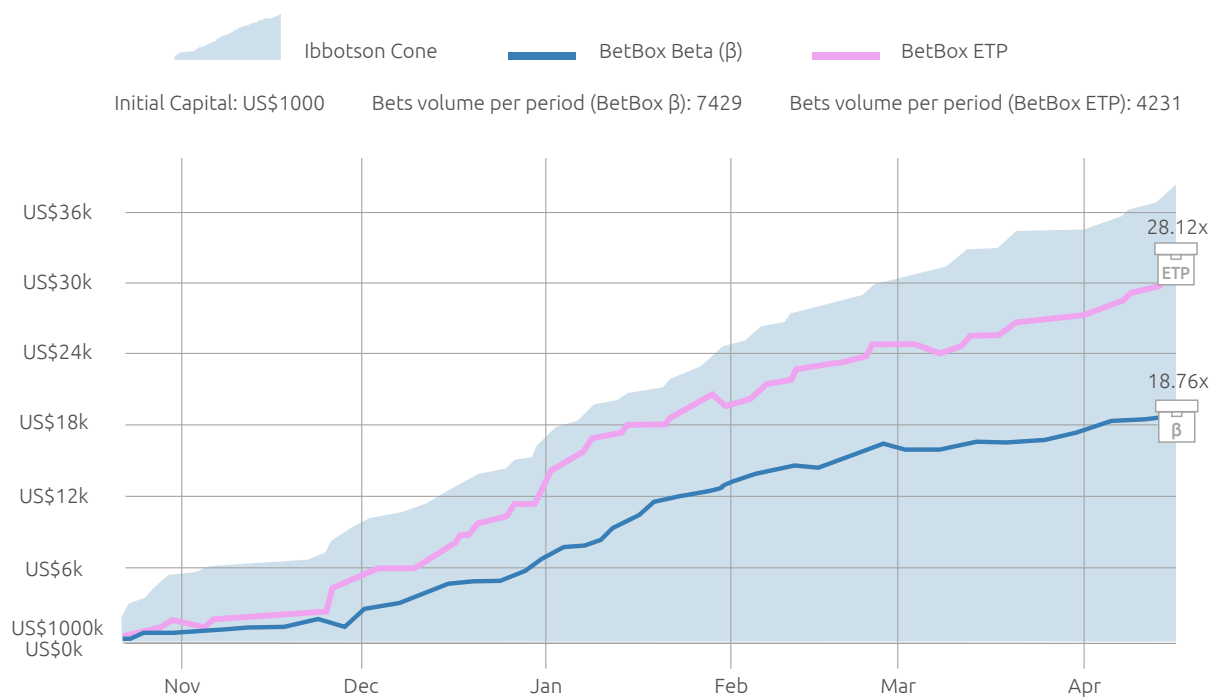
# 5. Technology
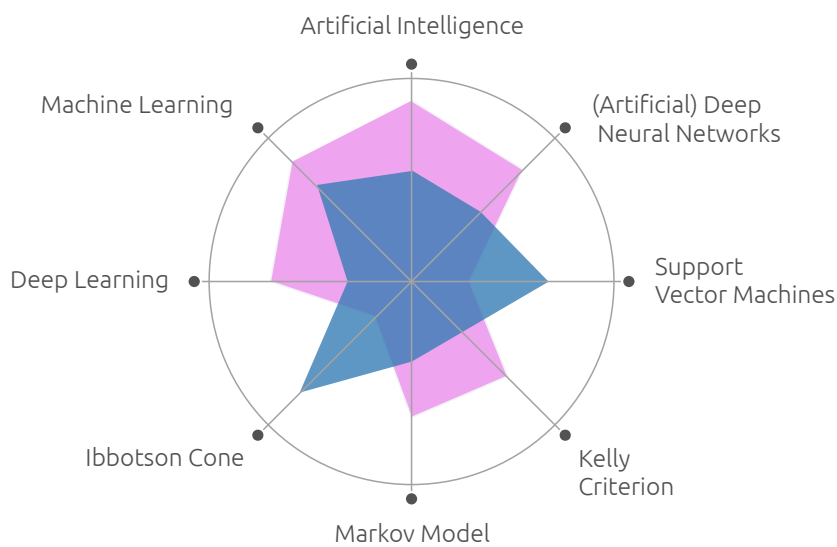


Cross-reference to [Tech White Paper](#).

# 6. pre-ICO, ICO and SCO's skyline

To implement BetBox's vision, we are launching an initial coin offering (ICO) to issue BetBox tokens on the public blockchain. The tokens called BetBox Tokens (BETX) will be issued during the pre-ICO, ICO and SCO campaign. The aim of pre-ICO and ICO is not to test a speculative idea, but to provide the capital to enable BetBox as a Hedge Fund under the AIFMD Regulation in European Union (Gibraltar), to implement and refine its product.

The tokens called BetBoxTokens (BETX) will be issued during the pre-ICO, ICO and Secondary Coin Offer (SCO), as follow:

**PRE-ICO**
**(COMPLETED)**
16% of the tokens will be distributed to boost our AI + Systematic perspective, improve betting automation and introduce a multi-sport approach

+

**INITIAL COIN OFFER (ICO)**
**December, 5 2017 - January 16, 2018**
44% ot the tokens will be distributed to build a successfull Hedge Fund for the AI era

+

**SECONDARY COIN OFFER (SCO)**
**H1 2019**
40% of the tokens will be distributed to scale-up

## 6.1 The Token Sale details

To fund the development of the BetBox Hedge Fund (called BetBox Tokens or BETX tokens) will be created on the Ethereum Blockchain. These tokens will be sold to the public durin pre-ICO (completed), ICO and SCO; unsold token will be burnt.

**BETX**
Token symbol: BETX
Total number of BETX (pre-ICo + ICO + SCO): 25 Million
Investment purchase method: Ethereum/ Bitcoin

**pre-ICO**
BETX distributed to users during pre-ICO: 16,00% of the total amount of BETX
start date of pre-ICO token sale: November, 9 2017
**HARD-CAP COMPLETED  IN 1 DAY**

**ICO**

BETX distributed to users during ICO: 40% of the total amount of BETX

BETX distributed to management during ICO: 4% of the total amount of BETX

ICO Soft Cap: 700.000 BETX

ICO Hard Cap: 10.000.000 BETX

ICO Start-date: December 5, 2017 - 1:00 PM UTC

ICO End-date: January 16, 2018 - 11:59 PM UTC

Minimum purchase amount: 0,5 ETH

**SCO**

BETX distributed to users during ICO: 40% of the total amount of BETX

SCO Soft Cap: 700.000 BETX

SCO Hard Cap: 10.000.000 BETX

SCO Start-date: H1 2019

SCO End-date: H1 2019

## 6.2  BETX value by stage

| BETX issued | ETH per BETX rate |
|---|---|
| (pre-ICO) 2 - 4 M | 0,002042 |
| (ICO) 4 - 6,5 M* | 0,002553 |
| (ICO) 6,5 -9 M* | 0,002723 |
| (ICO) 9 - 11,5 M* | 0,003064 |
| (ICO) 11,5 - 14 M* | 0,003404 |
| (SCO) 14 - 25 M | at least 0,017018 |

*White List Members will be able to invest during ICO at a 30% discount (0,002383 ETH per BETX). White List is available from November, 9 2017 to November 18, 2017

There is more: if you invest during pre-ICO and ICO period, you will be able to enter our platform to observe day by day our investment moves in European Top Players algo-trading box (1 BETX purchased = 1 day of free access).

## 6.3 Revenue Share

The value of each BETX token will depend on the net performance fee revenue share paid to token holders each quarter. Each holder of BetBox (BETX) tokens will be entitled to a referral commission.

This will be constituted of **20% OF NET TRANSACTIONS REVENUES** earned by BetBox. The Fund will pay to BetBox a performance fee equal to 30% of any returns and BetBox will **SHARE ITS PERFORMANCE FEE (80:20)**. For example, if net performance fee of BetBox Hedge Fund for a quarter will be US$50M, US$10M as referral fee will be sent to the smart contract. Finally, the BetBox's smart contract will distribute funds (ETH) to the holders of BETX tokens pro-rata.

Allocated commissions will be distributed via smart contract to BETX token holders. After pre-ICO, ICO and SCO no further BETX tokens will be generated and all the unsold tokens will be destroyed. **If the ICO Soft Cap result is not achieved, BetBox will refund each investor with the Ethereum / Bitcoin disbursed via Smart Contract.**

*pre-ICO and ICO funds allocation*



- 55% - R&D
- 10% - Marketing
- 15% Hedge Fund Compliance & Legal
- 20% Operation
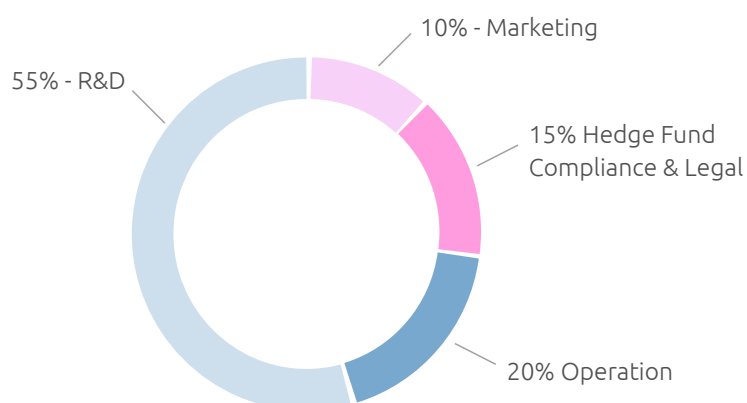
## 7. What can I do with BETX tokens?

The investors will be able to use BETX tokens as a proper investment, as a participatory financial instrument, receiving the BetBox Hedge Fund revenue to be distributed, waiting for the BETX value to increase and sell the tokens at the right time, to receive immediate profit:

- Pre-ICO, ICO and SCO Investors will receive 20% of the net transaction revenue earned by BetBox Hedge Fund (30% Performance Fee) on a quarterly basis, on their Ethereum wallets, according to the Smart Contract conditions;
- BETX token holders can also trade BETX tokens on exchanges;
- BETX tokens can be traded, exchanged, bought and sold between investors, but BetBox Hedge Fund has no obligation to redeem them.

*Revenue Share and Additional Benefits*

|  | pre-ICO | ICO | SCO |
|---|---|---|---|
| 20% of the Hedge Fund Performance Fee (30%) (80:20 revenue share) | ✓ | ✓ | ✓ |
| Free access to our algo-trading platform (BetBox ETP) | ✓ | ✓ | ✗ |

## 8. BetBox Hedge Fund Strategy

The fund will aim to provide capital growth by investing in sports betting markets through our algo-trading and systematic approach and will not invest more than 10% of its AUM (Assets Under Management) into each BetBox algo-trading model. The fund will have a 3% yearly management fee plus a 30% performance fee. The BetBox hedge funds' performance fees are uncapped, so there is no maximum fee charged.

## 9. Team

**Francesco Magagnini** - co-Founder / Business

Tech Enterpreneur + Non Executive Advisor + Venture Investors
M.Sc. in Economics (Sorbonne), M.Sc. in Computational Math
(Edinburgh University), Master's Degree in Game Theory (Stanford)
BoD @ Centrally, Former McKinsey.

Top Skills: Strategy, Exponential Organisations, FinTech, Smart Manufacturing, Blockchain,
Artificial Intelligence, Brand Equity, Machine Learning, SmartCity

**Fabrizio Malfanti** - co-Founder / AI

Tech Enterpreneur + Data Mining Professor
M.Sc. in Physics (University of Genova)
Data Mining Adjunct Professor (University of Genova)
BoD @ Centrally, Former Babel

Top Skills: Artificial Intelligence, Machine Learning, Cybersecurity, Smart Manufacturing,
Blockchain
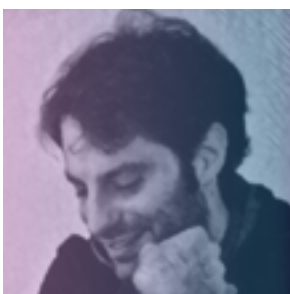
**Gabriele Torre** - Data Scientist

Applied Math
M.Sc. Physics, (University of Genova), Ph.D. in Applied Mathematics
(University of Genova)
Post Doc @ University of Applied Sciences and Arts FHNW, Swiss

Top Skills: Applied Mathematics, Astrophysics, Machine Learning

**Giorgia Coltella** - Project Manager

Market Analyst, Startups and Blockchain enthusiast
M.Sc. in Corporate Law (University of Genoa)
Market Analyst @ Centrally
Top Skills: FinTech, Blockchain, Exponential Organisations


**Sara Carbone** - Data Scientist

Data Scientist, Machine Learning enthusiast
M.Sc. in Statistics (University of Genova)
Data Scientist @ Centrally, Former Arcaplanet
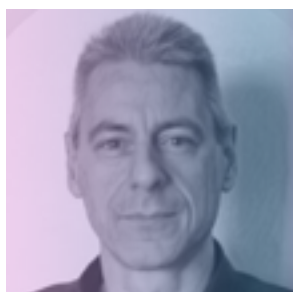Top Skills: FinTech, Machine Learning, Applied Math


**Sara Mattiello** - Marketing

Marketing and Communication Specialist, Startups enthusiast
M.Sc. in Marketing and Communication (University of Genoa)
Head of Communication @ Centrally
Top Skills: FinTech, Venture Capital, Press, Digital Marketing
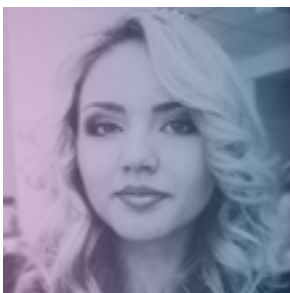

**Marta Mertens** - Fund Analyst

Capital Markets and Brand Equity Specialist
M.Sc. in Economics (NYU Shanghai)
Brand Equity @ Centrally, Former DCM @ Merril Lynch
Top Skills: Brand Equity, Capital Markets, DCM, Finance

**Andrea Cabella** - Data Scientist

Data Scientist, Cybersecurity Specialist
Senior Developer @ Intelligrate, Former Babel
Top Skills: FinTech, Applied Math, Betting Market Specialist,
Machine Learning

## 10. FAQs

### What is BetBox?

BetBox is the world's first AI-driven Hedge Fund bringing the power of Machine Learning and Deep Neural Networks to turn sports betting into an alternative asset class. By injecting technology and transparency into an industry that often lacks both, we're creating an hedge fund experience that is fast, affordable and tech/science driven.

### How are you different?

Using AI and mathematical modelling, deep neural networks, pattern recognition and machine learning techniques, we tease out subtle predictive signals that form the basis of our investment systems, going beyond market sentiment and periods of systemic crises.

### Why ICO?

There are many arguments why we have chosen to do initial coin offering to raise money. First, tokens provide liquidity since they can be traded on various exchanges after the ICO. Participants can liquidate their position like holding shares in a publicly listed company. Finally, the tokens' smart contract enables easy distribution of quarterly revenue share, which would be hard to process without usage of blockchain technology.

### Why Hedge Fund?

We would have been tempted to build a gambling platform focused on consumers and final customers, with a weekly or monthly subscription. There are many reasons why we have chosen to realize a regulated Hedge Fund: first, Hedge Fund allows us to build a

scalable and exponential model, building a long-term value; second, all efforts will focus on developing and modeling AI-driven algo-trading products (Boxes) characterised by steadily increasing performance, thus avoiding thinking about B2C hard and expensive business model; finally, we developed a sustainable model of full process automation, self-learning and integration between Hedge Fund and Bookmakers, requiring a full and appropriate compliance model, which will allow us to scale-up.

**Why should I buy your Token?**

This will be constituted of **20% OF NET TRANSACTION REVENUE** earned by BetBox. The Fund will pay to BetBox a performance fee equal to 30% of any returns and BetBox will **SHARE ITS PERFORMANCE FEE (80:20)**. For example, if net performance fee of BetBox Hedge Fund for a quarter will be US$50M, US$10M as referral fee will be sent to the smart contract. Finally, the BetBox's smart contract will distribute funds (ETH) to the holders of BETX tokens pro-rata. After pre-ICO and ICO, the Fund will market its shares (see Roadmap chart, May 2018) only to Qualified Investors (professional and institutional investors).

**Where are you based?**

Our development team is located in Italy, which is well-known for its talents in data science and machine learning. The Hedge Fund Company will establish in Gibraltar. We are doing all the right steps to move the business operations to Tallin (Estonia) for its great environment for Ethereum and fintech startups.

**Who owns BetBox?**

BetBox is privately owned company with a broad shareholder base, including the management team, Centrally S.p.A. and a syndicate of business angels. Without the support of our investors, we would not be able to bring you BetBox.

**What ETH compatible wallets are recommended?**

We recommend using either:

MetaMask (Chrome browser addon);

or MyEtherWallet (no download needed).

**What is the minimum investment sum in Ether or Bitcoin?**

The minimum purchase amount is 0,5 ETH.

**Would be able to buy tokens, using euro or dollars?**

No. You can use ETH or BTC to get involved in the BetBox ICO.

**Are BetBox tokens ERC-20 resellable?**

Yes, BetBox tokens are ERC-20 resellable. And yes, you can transfer them to wallets supporting ERC-20 standard.

**What will happen to the BETX tokens not distributed during ICO?**

They will be distributed to the management team, thereby maintaining the original ratio between 25.000.000 BETX and the net transactions revenues (20%):

1 BETX =  20 % of the net transactions revenues / 25.000.000

        = 0,0000008% of the net transactions revenues

**When can I trade using BETX tokens?**

Listing will be conducted after ICO.


## 11.  Annex 1

Terms and conditions for pre-ICO, ICO and SCO membership are set out in the Annex 1 hereto, which forms an integral part of this White Paper.

# ANNEX 1
## Terms of Service

### 1. Applicability

The Terms and Conditions (the "ToS") apply to the issuer ("BetBox", "We") of the BetBox token ("BETX") and persons or entities ("you" or the "Participants") that provide payments to BetBox in connection with the Initial Coin Offering ("ICO") and the Secondary Coin Offering ("SCO") of cryptographic tokens existent on the Ethereum blockchain that can enable usage of and interactions with certain services enabled by BetBox. You should carefully read the ToS as well as the white paper of the BetBox project before participating to the crowdsale. BetBox may modify, change, supplement or update these ToS in our sole discretion at any time without advance notice. We suggest that you visit this page regularly to keep up to date with any changes. Your continued use of the Website will confirm your acceptance of these Terms, our Whitepaper, ToS and Privacy Policy as modified, changed, supplemented or updated by us. If you do not agree to such revised ToS you must stop using this Website and any information, links or content contained on this Website and cease participating in the crowd-sale. Your access to and use of the betbox.ai website ("Website") and BETX constitutes your acceptance of and agreement to abide by each of the Terms set forth below including our Whitepaper, ToS and Privacy Policy, which is hereby incorporated in these terms by reference. If you are using our Website on behalf of your organization, that organization accepts these terms.

### 2. Services

The services are described in the Buinsess White Paper and in the Tech White Paper.

### 3. ICO and SCO Participation
### 3.1. Eligibility

Participants cannot purchase BETX or otherwise participate in the ICO and in the SCO if there are applicable legal restrictions in their country of residence. It is the responsibility of each Participant to know the laws regarding participation in ICOs and in SCOs applicable to them. Participants in the ICO and SCO represent and warrant that they:

a. are of the age of majority in their country of residence;

b. have full capacity to contract under the applicable law;

c. are only purchasing BETX with legally obtained funds belonging to them;

d. are not engaging in any unlawful activity through their participation in the crowd-sale;

e. are obeying all applicable laws;

f. are not US citizens or residents, unless registered under 1933 Securities Act.

### 3.2. Risks

Acquiring BETX involves various risks, in particular that BetBox may not be able to launch its operations and develop its platform. Therefore, and prior to acquiring BETX, any future user should carefully consider the risks, costs, and benefits of acquiring BETX within the crowdsale, and, if necessary, obtain independent advice in this regard. Any interested person who is not in the position to accept nor to understand the risks associated with the crowdsale (incl. the risks related to the nondevelopment of BetBox network and operations) or any other risks as indicated in the ToS, should not acquire BETX, at this stage or later.

### 3.3. Purchasing and Receiving BETX

You can send ETH or BTC from any wallet (such as but not limited to Coinbase, Poloniex), and it's the contributors' sole responsibility to make sure they have ownership or control over their private keys. You will be prompted to insert a new address that you control at the end of the ICO and the SCO so we can transfer the BETX. Before and after making a payment, you must visit the website betbox.ai ("Website") regularly for information which may be posted on the Website from time to time.Anything relating to the BetBox and BETX could be updated, changed or fine-tuned at such time and in such manner as BatBox may think appropriate.

### 4. Warranties / Indemnities

The Participants expressly agree that they are purchasing and receiving BETX at their sole risk and that the Website and BETX are provided on an "as is" basis without warranties of any kind, either expressed or implied. The Participants warrant and represent to:

a. have read and understood these Terms before participating in an ICO and in a SCO;

b. be solely responsible for the proper functioning of its electronic devices as well as the internet connection

c. have sufficient understanding of technical and business matters (including those that relate to the Payment Services and Ecosystem in which BetBox operates), cryptographic tokens, token storage mechanisms (such as token wallets) and blockchain technology to understand these Terms and to appreciate the risks and implications of purchasing tokens;

d. understand and assume the risks involved in participating in the ICO and in the SCO as described in Section 3.2 above;

e. be well informed about BetBox to make an independent informed decision;

f. understand that such tokens are not redeemable, associated with financial return or backed by any underlying asset or repurchase commitment and do not necessarily have market prices or transactions between peers;

g. fully understand that BETX used in BetBox do not constitute any equity, security, and asset of any form or kind;

h. have researched the legal laws and regulations of token purchases in the applicable legal jurisdiction and be sure that these do not prohibit the purchase of BETX as described in these Terms and the White Papers.

Participants therefore release and indemnify BetBox from all liability for any loss that may occur as a result of their participation in the ICO and in the SCO and in connection with these risks.

## 5. Important Disclaimer

The ToS shall not and cannot be considered as an invitation to enter into an investment. They do not constitute or relate in any way nor should they be considered as an offering of securities in any jurisdiction. The ToS do not include or contain any information or i ndication that might be considered as a recommendation or that might be used to base any investment decision. BETX is a utility token and is not intended to be used as an investment. BetBox will be an operative entity managing a platform and BETX is only a utility token. Therefore, BetBox is not a financial intermediary according to EU Law and is not required to obtain any authorization for anti-money laundering purposes. Acquiring BETX shall not grant any right or influence over BetBox's organization and governance to the purchasers. Regulatory authorities are carefully scrutinizing businesses and operations associated to cryptocurrencies in the world. In that respect, regulatory measures, investigations or actions may impact BetBox's business and even

limit or prevent it from developing its operations in the future. Any person undertaking to acquire BETX must be aware that the BetBox business model and the ToS may change or need to be modified because of new regulatory and compliance requirements from any applicable laws in any jurisdictions. In such case, purchasers and any person undertaking to acquire BETX acknowledge and understand that neither BetBox nor any of its affiliates shall be held liable for any direct or indirect loss or damages caused by such changes. BetBox will do its best to launch its operations and develop the BetBox platform. Any person undertaking to acquire BETX acknowledges and understands that BetBox does not provide any guarantee that it will manage to establish an operative platform and therefore it cannot guarantee that the BETX can be used to purchase goods or services on the platform. They acknowledge and understand therefore that BetBox (incl. its bodies and employees) assumes no liability or responsibility for any loss or damage that would result from or relate to the incapacity to use BETX, except in the case of intentional misconduct or gross negligence.

## 6. Miscellaneous
### 6.1. Severability / Good Faith
Should any part or provision of these Terms be held to be invalid by any competent court, governmental or administrative authority having jurisdiction, the other provisions of these Terms shall nonetheless remain valid and be replaced with a substitute provision that best reflects the economic intentions of the replaced provision without being unenforceable. The same shall apply if and to the extent that these Terms are found to contain any gaps or omissions.

### 6.2. No Waiver
The failure of any of BetBox to enforce any of the provisions of these Terms or any rights with respect thereto shall in no way be considered as a waiver of such provisions or rights or in any way affect the validity of these Terms.

### 6.3. Ratio between BETX and revenue sharing
1 BETX =  20 % of the net transactions revenues / 25.000.000
        = 0,0000008% of the net transactions revenues

### 6.4. Governing Law and Jurisdiction

These ToS shall exclusively be governed by and construed in accordance with the substantive laws of Italy. Your participation in the ICO and in the SCO shall exclusively be governed by and construed in accordance with the substantive laws of Estonia. Every Participant declares that he is not a US citizen or that he is a US citizen in line with Accredited Investor profile, according to U.S. Securities Act 1933. Moreover, every Participant declares that he has read and agrees with the Biz White Paper, Tech White Papers, the Terms of Service and Privacy Policy document.

All disputes arising out of or in connection with these Terms and your dealings with BetBox shall be resolved by the ordinary courts in Milan, italy.

December 5, 2017

betbox.ai