

The Cove Whitepaper

Version 1.0
September 1, 2017



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INTRODUCTION

As the world becomes more aware of the need to protect and manage their personal identity data, the opportunity broadens for companies that can provide solutions to this growing need that are easy for the user to understand but at the same time offers them powerful and far reaching protection. The scale of the opportunity is difficult to quantify but some conservative estimates put the value of the personal identity market at \$34bn by 2024. The predicted 20% YoY CAGR is also a sign that user awareness for the need to protect their data is heading towards a tipping point.

Today, users have no way of maintaining control of their personal data, that information is too valuable to the way a lot of companies currently generate revenue. To truly achieve personal data protection, the incentive to collect and monetize personal data needs to be removed and this means disrupting the most prevalent and successful online business model in the post dot bomb era, one that has made giants out of the companies that have done it well. Funding for these types of products are not going to come from traditional channels making Token Sale the best and possibly the only channel to fund a disruption of this scale.

This is the basis for our Token Sale. We believe that people have the right to full control of their personal identity, we believe that business models that rely on monetising personal data and making users the product will be disrupted as the demand for privacy increases and good alternative services start to surface. We believe that Token Sales that are well thought out, professionally managed and are already addressing a market need are the perfect vehicle to deliver this kind of disruption.

Cove already exists. The MVP is available for download in both the Android and the iOS app stores and is currently being used by 1000s of people. In it's current form, it addresses what we believe is step one in the journey towards true control of personal data: Easy and highly secure storage and digitisation of your most important documents and information.



Cove is available for download in both the Android and iOS app stores.



The MVP focusses on the early adopters, the people that understand the pressing need for trustworthy, unbeatable encrypted storage of their important personal information. But we want Cove to be for everyone and a successful Token Sale will allow us to rapidly build out our exciting roadmap that will create a safe space online that users can truly trust using best in class security measures, secure and controlled sharing and verification of documents allowing users to validate who they are. All the while making it easy for anyone to use, creating a lot of value for the user.



THE TEAM

Cove is registered in the UK. The co-founding team consists of CEO Kunal, VP Tech Sarvpriye and CPMO Jon. All three oversee a cohesive team of 15 people including developers, business analysts, product and marketing experts that have been working together on Cove for over a year. Focusing on agility and rapid deployment, the team continues to develop world class features at an impressive rate.



**Kunal
Nandwani**
Co-founder, CEO

- 6+ years at uTrade Solutions (scaled up startup from idea to enterprise software business with 80+ team, 50+ financial services clients in 10+ countries)
- 5+ years in Investment Banking at Lehman Brothers, Nomura, BNP Paribas in London-UK.
- Cofounded Chandigarh Angel Network, built the startup ecosystem in the region
- PEC Computer Science Engineer (Chandigarh-India), ESSEC MBA (Paris-France)



**Jon
Bishop**
Co-founder, CPMO

- Jon has over 10+ years of leadership experience in Product and Marketing across several tech firms including eBay, Paypal.
- He has held senior positions at 5 startups including Funding Circle (a \$billion startup)
- He has proven experience in building, launching , growing and leading startups across many different verticals



**Sarvpriye
Soni**

Co-founder, VP

- 1+ years of Blockchain research and development of 3 enterprise blockchain applications for an exchange, university and a consumer firm.
- Lead development of a few Blockchain-based POCs and MVPs.
- 5+ years at uTrade, developing and architecting the trading and algo platform for financial markets around the world.
- Panjab University Computer, Science Engineer (Chandigarh-India)

ADVISORY BOARD

We're proud to have an experienced and varied advisory board backing the project



David Bailey

14 years experience as a Board of Directors executive (CEO & CFO). Board member of 6 startups.



Desigan Chinniah

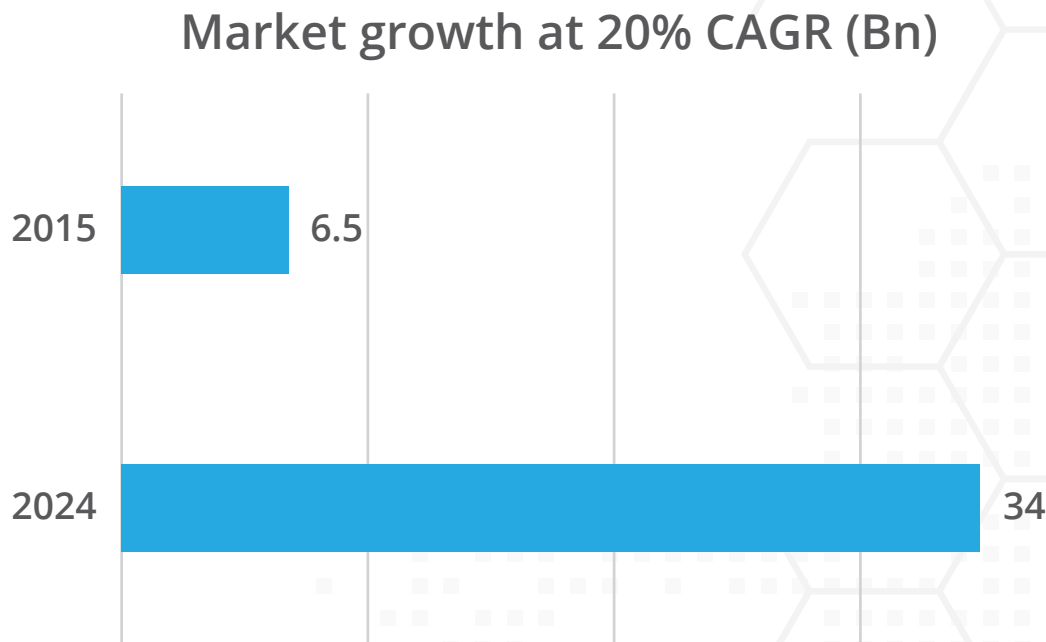
15+ years of experience in design, product and development across major tech companies including eBay, PayPal and Mozilla.



NC Ramgopal

25 years of government and corporate strategy in Digital ID Technology and security and technology management.

THE MARKET OPPORTUNITY



It's difficult to accurately identify the traditional market segments that Cove is aiming for. Is it file storage? Is it KYC? Is it a social network? Is it data protection? We did however find an interesting report that predicts the 'personal identity management' market alone to be worth \$34bn by 2024. This is one segment that Cove fits into so it shows just how big the opportunity here is. But perhaps even more important is the predicted growth rate that suggests users are becoming more aware of their need to protect their data. It is this shift in awareness that will help drive the adoption of Cove.



"Increasing concern over the protection of confidential data from unauthorized users is expected to propel the Personal Identity market share at 20% CAGR"



THE PRODUCT

Current product status

We believe that Token Sales with a team, a product, and traction already in place are more attractive to the investment community as they represent significantly less risk. An actual working product shows that the team can deliver on their promises. We think this should be the standard when raising an Token Sale which is why we have spent the past year developing our MVP before launching our Token Sale.



An actual working product shows that the team can deliver on their promises



Cove has a fully functioning MVP that is live in both the iOS store and the Android store. The use-case for Cove exists today. We don't have to wait for users to understand our position, or to catch up to it, or to develop a large enough network of supporting companies to show value for the user, the value exists today.

Digitization and secure storage is in the MVP

The first version of the app that is live in both app stores is a fully functioning secure storage app that you can use today. Here are some of the highlights and features:

- Our auto scanner and cropper makes it easy to scan and straighten documents with your phone's camera. There are even some filters to make the document more readable.
- A full suite of file storage features and folder management to help you keep your files organised.
- Files are automatically stored within our unbeatable encryption. The only way to access it is through a 6-digit pin.
- Encrypted backups are sent to Google Drive or iCloud. We understand these are not the ideal cloud storage locations for a lot of our users and will be changing this in due course. It's important to note that there is no

way Google or Apple or anyone else could see what's in that backup as it would be fully encrypted.

- Share your documents either securely via Cove or using any other app, which isn't secured / encrypted.

In upcoming versions we will continue to add powerful features and improve on the UI to make Cove competitive with the UI of the incumbent storage apps but push to differentiate ourselves with our USP of being genuinely encrypted, private and secure.

How we think of Identity at Cove

Identity is a very personal concept and it means different things to different people. At Cove we don't want to limit our users' definition of their identity, we want to give them the flexibility to determine for themselves what that is and give them the tools to protect their unique identities and share it securely with whomever they choose.

As we continue to operate more in the digital world and more of our information gets stored online, Cove aims to help users store, protect and share all the information that relates to a user's identity. We call it The Identity Paper Trail.

Think about it this way, complete this phrase as many times as you can: "I am a ..."

There are some obvious ones that apply to most people:

I am a driver—driving license
I was born in my country—Birth certificate
I am a citizen of my country—passport
I am a homeowner—Mortgage papers etc
Or, I am a renter—Rental agreement

Then there's the less obvious identity indicators or the ones that are unique to certain people:

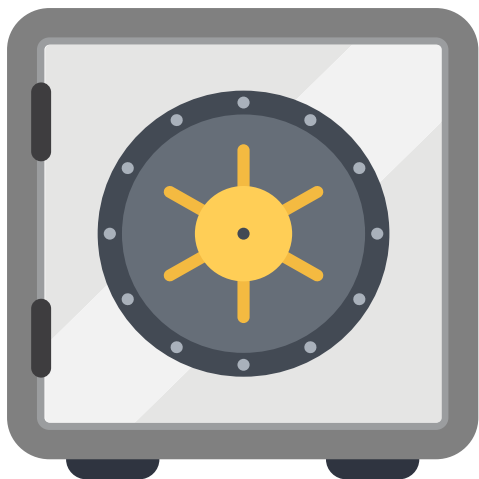
- I am a doctor—PhD certificate
- I am a songwriter—lyrics / record contract
- I am a business owner—Incorporation documents
- I am a cancer survivor—medical records
- I am a model—Portfolio pictures
- I am a paraglider—flight logbook

We want Cove users to be completely confident that their Identity Paper Trail is securely stored and they are in total control of their information, even when they share it with other organisations and individuals. To do this, Cove focusses on four key processes: Scan & Organise, Secure, Verify, Share & Validate, all explained below in further detail.



We want Cove users to be fully confident that they are in total control of their information





SECURE STORAGE

A central requirement for the Cove Network to function and to be widely adopted is for users to be fully confident that their important information is as secure as it can be when stored within Cove:

- Every document, encrypted with pure-random key, is stored securely over our distributed IPFS repositories.
- Files are stored in true end-to-end encryption with the user's private key.
- Every piece of data is encrypted using the state-of-art encryption technologies with different keys meaning users are not vulnerable mass-attacks.

Data security

The app currently uses the AES256 implementation to encrypt every piece of data with a purely random generated key. The key is completely controlled by the user, using client-end asymmetric encryption.

Data Privacy

The secure storage is completely decentralized and distributed and does not link backward to the related user, i.e even if an attacker is successful in accessing the data stored in the data center, the attacker won't be able to:

- A) Relate/link the data to its owner
- B) Read any of it

Data Immutability

Each document's integrity is maintained with their cryptographic hashes being recorded with digital signatures on blockchain transactions. Any verification done by a user certifies the integrity of the document to be as-is using state-of-art digital signatures recorded over ipfs repositories and linked over the blockchain transactions. The combination of IPFS and blockchain with digital signatures cryptographically guarantees:

- A) The document integrity is maintained and has not been tampered with.

B) The document is exactly-the-same as when it was seen by the verifier of the document

Aggregation of Verifications

Each document on the Cove network gets all the verifications aggregated, thus any user (having a valid access) anytime can see who all has verified the document, blockchain ensures transparency here.



The secure storage is completely decentralized and distributed



Protecting against denial-of-service attacks

- Being decentralized and multi-replicated, the Cove system is highly resilient to DDoS attacks and Cove's strong authentication would completely reject any intruder requests.
- Cove is a zero-knowledge storage service, only the user can see their encrypted personal information, not hackers, not governments, not the team at Cove.
- Cove will have multi-layered / multi-factor authentication using a quick access pin / Biometrics and other factor auth methods such as SMS Access Codes / 3rd party authenticators.

Cove limits the account to a Phone number and email, user can have only one Cove Account linked with any email or phone number.



SCAN AND ORGANISE

To have mass market appeal, Cove needs to be as simple to use as possible. Users can simply point their camera at a document they want to digitise and our powerful digitising engine will take care of the rest.

The engine will automatically crop, straighten and neaten up the document removing creases and marks, making it easier to read on smaller screens.

OCR digitisation and categorisation

Documents stored in an image format is step one for secure storage but we want users to be able to easily use and access their information as well. So the digitizing engine will seamlessly activates OCR / text recognition turning all the important information from your document into digital tags (eg driving license number and expiry date would be digitised from your driving license) which, with the help of ongoing machine learning, automatically identifies the type of document, the country of issue etc and categorises it for the user. All the user did was point their phone at it. Once this information is digitised and securely stored within Cove, it opens up all sorts of powerful features for the user such as predictive search of their important information and digital verification tools.

These are the feature sets we're focussing on first. If we can create something that is as easy to use as Google Drive or Dropbox but is private, decentralised and more secure, users will flock to use it. This is why we say we have a solution to a user need that exists right now.

Use-case: friend books a flight

A friend is booking a flight for you and needs your passport details to complete the booking. You're at your desk, nowhere near your passport so you open your Cove app, search 'passport' (or just go to it in your profile), tick the details you want to share (eg passport number, country of issue, expiry date) and hit secure share and choose the friend you want to share the details with. Your friend then uses our secure web browser extension, and selects the data required from the information you shared. Once the booking is done, you can revoke your friend's access, keeping you in control of your important information. Once the access is revoked, the document/data cannot be accessed again by your friend.

Verifying the Validity of your Documents

The app we describe above that takes advantage of the security, scanning and organising features would already make an incredibly competitive app that users would immediately see the value in. Their securely stored paper trail is full of a lot of handy documents that other companies need to see from time to time so what if we could make these digital versions of their official documentation work a little harder for our users and 10x the value of the product for them? Imagine signing up for a website or applying for a mortgage with one tap, it's possible with verified documents.



Imagine signing up for a website or applying for a mortgage with one tap



Verifications is the flagship feature for the Cove Wallet. Our robust, Verifications is the flagship feature of the Cove app. Our robust, multi-faceted digital verification system will let users do something they've never been able to do with their digital data before: validate their real world identity with the digital copies of their official documents. Our

verification system will help any person or organisation, on or off the Blockchain, who requires you to validate your identity, to make a judgement call on whether they trust the validity of the digital documents you are presenting to them.

Verification score

Central to our verification system is the verification score. Documents can be verified in a variety of ways by a variety of people, we are developing an algorithm that will score the strength of a verification based on these varying factors. So the more verifications and the stronger the verifications, the better the verification score for the user. These scores can then be used by risk, KYC, BI departments etc to determine how trustworthy they deem the validity of a document to be. With so many ways to verify a document, with all transactions done on the blockchain, we fully expect Cove-verified digital documents to become more valid than the actual physical documents.



TYPES OF VERIFICATION COVE WILL OFFER

Offline / Traditional

The traditional way of verifying the existence of a document is to go to a notary or a police station etc to get a certified copy of a document. If that certifier happens to be on the Cove network, then great, the verified document will be added to Cove by the certifier and the user will get a high 'existence verification' score for that document. If the certifier is not on the Cove network, no problem, the user can easily send them a link to a quick form they can fill out which then adds that verification to the Cove network. The user would still get a pretty good verification score but slightly less as this certifier is not on the Cove network. But if they do join in the future, the user's score would be boosted.

This process provides two good commercial opportunities. Cove could

push more customers to Notaries etc on our network and maybe negotiate discounts for our users, all the while really boosting the quality of the network's document verifications. If a notary isn't on the network, the user sending them a verification form is also an opportunity to get the Notary interested in signing up for Cove themselves to both boost their business and bring their profession into the blockchain era.

Peer to Peer - Friends / strangers / colleagues on Cove

On the Cove app, you can request that other people on the network verify the validity of your documents. A user can request verifications in 2 ways: They can send out a request to the people they know on Cove to verify something or they can go onto the marketplace to anyone on the network willing to do a verification to verify a document of theirs. The types of relationships count as well. The closer that relationship is to a document, the higher the score: eg: parents and birth certificate, colleague and a CV etc. And being on the Blockchain, people already on the Cove network would score higher than people off it for verifications

Digital verifications

There are two types of verifications: Verifying the existence of a document and verifying that the digitised tags match the scanned image of the actual document.

For digital verification, anyone on the Cove network can easily verify that the tags generated by digitisation process match the image of the document. This is the easiest way to start building up your verification score.

Video verifications

Video verifications are used to validate the existence, and to a degree, the ownership of a document. Anyone on the Cove network can run a video verification with anyone else.

Cove automated verifications

There are certain verifications that can be done by Cove via an automated action. Email address and phone number are verified via a secure code on sign up. Cove can also Verify a certain address via post and verify a user's bank account details via a deposit in certain countries. All of these services can be performed for a certain amount of tokens.

Agents

As we generate more and more active users on the network, the incentive for partner companies to join the network will increase, bringing value to both them and our users. Professional agents such as notaries will play a vital role in increasing the strength of the network's verified documents. A professional notary will naturally produce a higher verification score than most other people on the network.

Business Partners

Business partners can be any business on the Cove network for example, banks, universities, medical companies, internet services, any website that uses our verification API etc. Every time a user transacts with these businesses on our blockchain, that business validates certain pieces of information and add to the verification scores for those documents. These verifications would carry quite a high verification score as they are verifiable businesses on our network.

Document issuers

If the actual document issuer is on our network and validates the document upon issue, this is the strongest validation score you can get on the network.

Cross-verifications

This automated verification action takes place every time a document is added or verified. Certain pieces of information will exist across multiple documents, eg your name. So your name on your newest document would need to match your other documents. Any validation action that validates your name then adds to the validation score across other documents with your name on it, ensuring an extra layer of validation and accuracy of your documents.

User ratings

Every single verification is logged on the blockchain so we are able to create a user rating based on the accuracy and honesty of a person's verifications. The higher a person's rating, the higher the verification score.

Share & validate

Once users have a Cove app full of verified digital copies of their Identity Paper Trail, people or organisations will need to see these occasionally: the HR department at a new job, a friend booking a flight, signing up for a web service, getting into a club and so on. We're working on a multitude of ways to allow users to easily and securely share their information, encrypted, for whatever reason they have to share it .

Control is an important part of users feeling like their data is secure and today they have very little control of their own data which is why we're working on features that keep the user in control of their information, even when they share it with others. The features we're working on:

- **Restricted sharing:** Control what somebody can do with your data once you share it with them
- **Retracted sharing:** Remove a person's access to your files after you've shared it with them
- **Tracked sharing:** Know whether somebody has forwarded your information onto anyone else
- **Data free signup:** Sign up for services without sharing your data. The service would trust that the data is well verified by our verification system and that would be good enough for them. They then communicate with you through a unique key, through Cove. This has the added advantage of keeping your identity data safe should that service get hacked.
- We think there is a lot of potential for controlled sharing and welcome further ideas from our community.

Building out our services platform

Our initial focus is with the consumer and building out an encryption and blockchain-based file storage solution that brings them incredible value. As that engaged user base grows, companies will start to see the value of the Cove network and will want to offer added value services to our users. In anticipation of this demand, we have started building out the initial platform functionality that will make it possible for businesses to interact with the network. We have already started testing these features with some of our initial test partners.

Registering and verifying businesses

We will need to ensure that only credible businesses that provide value to our user base are allowed to operate on the Cove network. Our registration and verification process will help ensure that is what happens.

Issuing documents

The best way to ensure the digital version of a document is valid is to have the issuing organisation send it to a Cove user on our blockchain. Blockchain-issued documents (certificates from universities, payslips from employers, driving licenses from the driving authority etc) will bring great value to the network and we want to make this easy and effective for organisations to do.

Automating KYC

Creating integrations between a company's KYC systems and Cove to make it easy and cost effective to use Cove to run KYC.

Web services interface

We will be creating a suite of tools for web services that make it easy for users to sign up and for services to interact with them via Cove.

APIs

We'll be building out our APIs to make it easier for companies to integrate us into their systems.

ROADMAP

June 2016

Cove Research Begins

Development work, research and testing begins on the Cove concept, encryption and blockchain. Sarvpriye and Kunal start driving the RnD.

Jan 2017

Cove Implementation Starts

Cove Team expands to start building the product

May 2017

Incorporation

Hashcove Limited is registered in the UK and the founding members include CPMO, Jon Bishop.

August 2017

MVP launches

The fully functioning MVP is released in both the Android and iPhone app stores

August 2017

Token Sale Announced

Token Sale and pre-sale are announced to the contributors community

September 2017

Pre sale begins on 21st September 2017

October 2017

Token Sale completes

The Cove Token Sale (including crowd sale and pre-sale) will be completed

Q1 2018

Improved storage-based features

UI improvements and new features to make storing and sharing as easy and safe as possible. OCR text recognition, machine learning, web version, biometrics, secure sharing, file search etc

Q3 2018

Verification system

Full suite of verification services, engine and scoring system in place. P2P, agent and organisation verifications will be available

Q4 2018

Marketplace

Request and offer value added services to the Cove Network. Rewarded with Shells, Cove's token.

Q2 2019

B2B Platform

A suite of services to help organisations join, participate and create value for the Cove Network users.

MARKETING AND GROWTH

Growth Strategy

The best way to achieve rapid growth is to build a great product and then allow users to share its benefits with others by simply using the product. This is why the focus at Cove is on the product itself. With an ever-improving UI and a slew of exciting features coming to the app, we believe that Cove will become a true competitor in the file storage space with an approach that the incumbents, because of their entrenched business models, won't be able to compete with us on.

So users will find value in the app from day one, there is no need to bring on a multitude of partner organisations to bring value to the user before it reaches a tipping point. Our strategy is to create immediate value for the user with a great product and then 10x the value by bringing on partners at a later date that add value to our large, engaged user base. This is a much more feasible growth strategy than trying to grow a marketplace / supply and demand business from the ground up.

Direct Marketing approach

With Jon at the helm of the marketing department, we have an experienced startup growth marketer who can take a great product and really generate growth for it from proven inbound marketing channels.

Cove is a well designed, well thought out, free to download app with a strong USP that answers the needs of a large group of users today. That makes it a really good candidate product for developing a rapid initial growth strategy around the key inbound channels: PPC, Facebook ads, social / content marketing, SEO and app distribution. A large chunk of the funding will be used to generate rapid and cost-effective initial user growth on these channels.

Network sharing is built into the product

While a lot of companies have to look for ways to encourage / force viral / network / word-of-mouth growth, sharing and virality are a natural feature of the Cove app. Non-users will be exposed to features and benefits of the product whenever a user shares something with them from the app. This kind of natural, built-in virality is the key to building a product-led growth strategy and Cove is perfect for this kind of growth.



*Sharing and virality are
a natural feature of Cove*



Boost from our Token Sale

We will encourage our contributors to use the app as part of our Token Sale process. So all the efforts we put into marketing the Token Sale will have the added benefit of generating strong initial growth from users that will have a vested interest in the company succeeding.

Partner growth

As mentioned above, we will focus on growing the consumer side of the app first, showing value for the user without the addition of any partner organisations. The bigger the user base grows, the more valuable a proposition it becomes for companies to partner with us. From this position of strength, we can negotiate good deals that benefit our user base and also help us bring in new user growth.



MONETISATION

Marketplace

Users can use the Shells to avail services in the Cove platform. Cove would charge a tiny transaction fee for each one of these transactions. This model will evolve over time as the community expands.

Some examples of services:

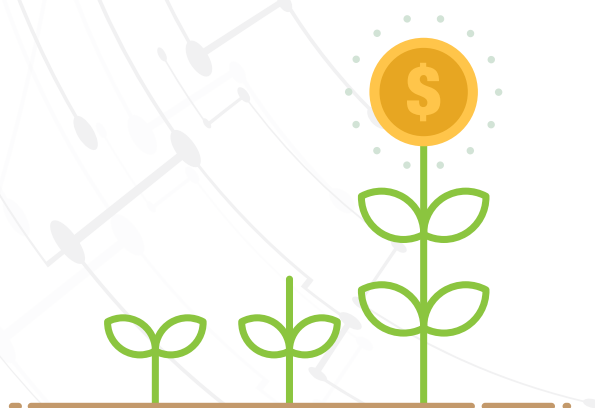
- Providing vital details to a company for their KYC process
- Verifying someone else's documents
- Doing a video verification
- Sharing a valuable document or file with someone else

B2B Subscriptions

Building up the demand side of the network first by getting a large amount of active users using Cove will make us a very enticing proposition for businesses. Our B2B platform will show good value for businesses and can easily demand a monthly subscription for access to the platform. This will vastly improve the experience for their users, increase their sign up rates and they will save a ton of money on their KYC costs.

Cove verification services

The Cove team could offer supporting services to help users verify their documents and charge for the services. This has the added benefit of improving the quality of verified documents on the Cove network.

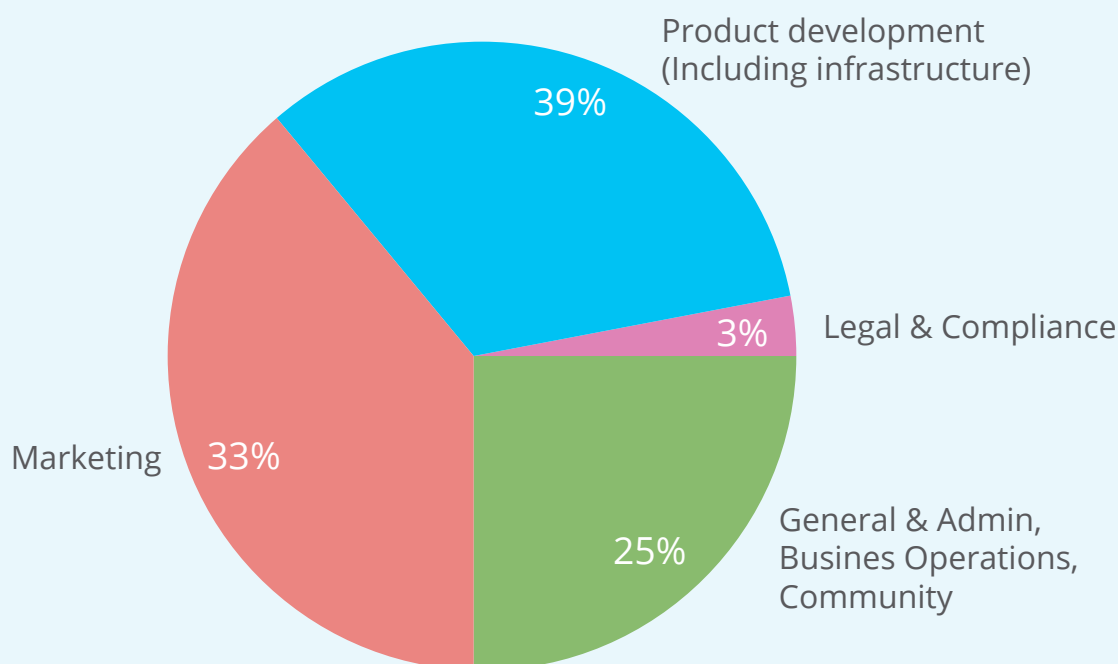


THE USE OF FUNDS

The funds raised from Shells (Cove's token name) pre-sale and token sale will be used for:

- **Developing the product further** - We will expand the product features to make the app more convenient and easy to use, do back-end integrations to enable several automated validations (where possible) and build as per the community and user feedback.
- **Marketing** - We will spend a good chunk of funding to generate rapid and cost-effective initial user growth on channels like PPC, Facebook ads, social / content marketing, SEO, ASO and app distribution.
- **General & Admin, Business Operations** - This shall include the cost of running the business, its operations and admin expenses. And will include:
 - Nurturing the community** - We will take the community feedback in evolving the product and its usage so it can best serve their purposes.
- **Legal & Compliance** - We will invest in strong legal framework for the Cove platform around its privacy etc.

The broad usage of funds over 3-4 years period across different functions will be distributed as shown below:



SHELLS OFFERING

Details on our Shells

Cove platform uses Shells as its token, Shells will be used for transactions (typically micropayments) within the platform. We want to encourage peer-to-peer interactions as far as possible and will incentivise this with Shells. The potential usage model of Cove could be:



- When a user downloads the app, they will be rewarded with some Shells.
- When a user uploads something to the app, Shells will be debited from their account.
- When a user validates someone's document, Shells will be credited to their wallet.
- When a user refers a friend who downloads and installs the app, Shells will be credited to both of them.

A model of debits and credits similar to this will be put into place after the cove platform users, usage and community reaches specific milestones and critical mass. We will decide on the exact model based on the community feedback.

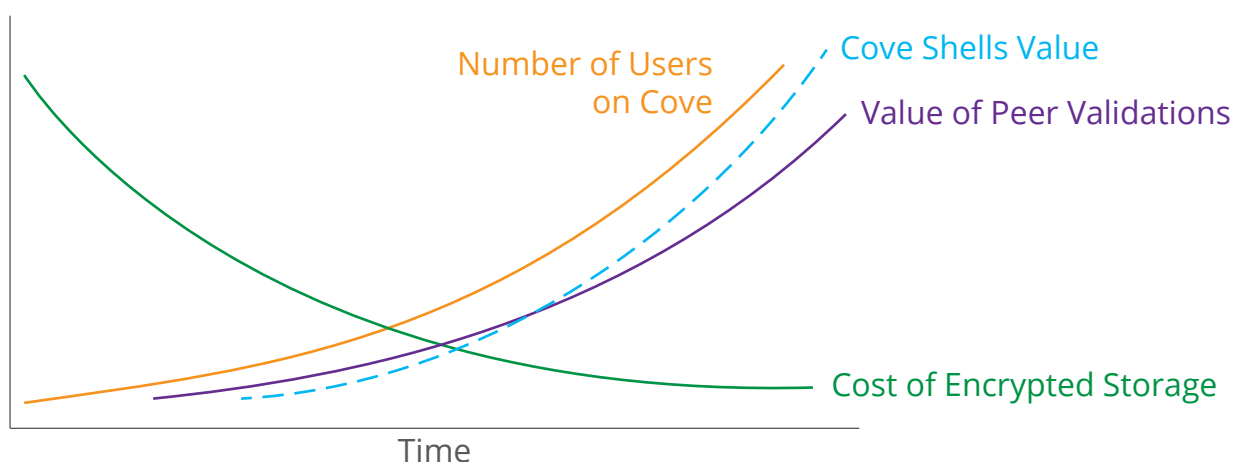
Cove is building private and secure digital information wallet so users can secure their identity. To achieve this, the incentive to collect and monetize personal data needs to be removed, which is why Shells are integral to the success of Cove.

There are three main reasons for using the Shell tokens within Cove:

- A way to build community.
- To reward new users for joining the platform, incentivising rapid growth.
- To scale and market the platform.

The benefits of Shells for contributors

- Shells will be usable within the Cove platform for micro-payments.
- Cove Shells shall be valuable based on the following key factors
 - Cove is already useful for secure storage and will continue to get better.
 - Cove is convenient for important information sharing with privacy.
 - Peer validations on Cove will become valuable and trustworthy as the Cove platform grows and becomes widely used and accepted.



- Shells will be valuable as they are finite in number, and the above three factors will grow its intrinsic value.
- Shells will be listed on other exchanges where users can buy or sell them at their own convenience and available liquidity, so they can use it on Cove platform.

Why pre-sale

We would like to conduct the pre-sale to incentivise the early adopters with discounts, and to invest further in product and marketing scale up for the crowd-sale. The terms of the crowdsale will be determined after the pre-sale and in no circumstance will be superior or beneficial from the pre-sale terms.

Token structure

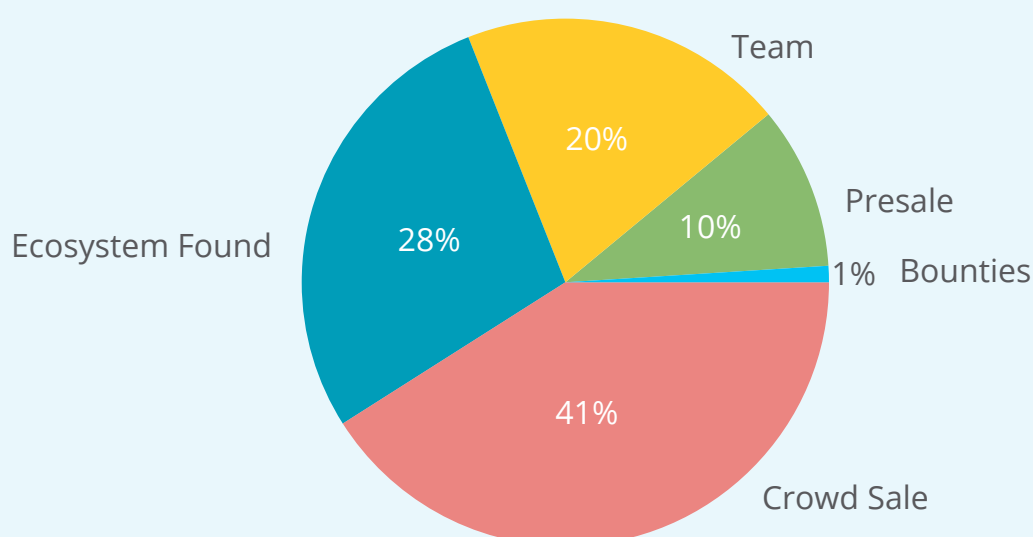
Cove will issue it's Shell (SHEL) tokens on the ethereum blockchain **at a price of US\$0.10 each**. Shells will abide by ERC20 standard & will be fully compatible with all Ethereum wallets that have the ERC20 token standard.

The Shells will be created only once with a total supply of 1 billion SHELs. No new Shells will ever be created.

The following table represents the distribution of Shells (SHEL):

Description	Amount of SHELs	
Total supply	1 Billion	(100%)
Sold during pre sale	100 Million	(10%)
During crowd sale	410 Million	(41%)
Ecosystem Fund	280 Million	(28%)
Team and advisors	200 Million	(20%)
Bounties	10 Million	(1%)

Distribution of Cove Shells



Ecosystem fund

This fund can be used by Cove team for incentivizing new participants and token holders, early participants, running developers hackathons, and other contests required for marketing purposes.

Team and advisors

20% of the tokens are being kept aside for the Cove team and its advisors. The tokens owned by the team and advisors will be not be available for sale in the market for 2 years and will be released in proportion as required after the completion of 2 years from the date of Token Sale, these Shells will be locked in a smart contract for the specified period and release as stated above.

Bounties

We will start a bounty campaign so participants can help spread the word about Cove to the community, and get Shells as a bounty reward. As a bounty reward we will distribute 10 million Shells, which equals to 1% of all Shells issued. Details of the bounty program will be available on our website in the near future.

Legal Governance and Compliance

We strongly recommend that all Contributors in the Cove pre-sale should seek their own legal advice as compliance may vary, depending on their own status, nationality, the country they are resident / tax resident in, etc.

We believe that our tokens, called Shells, should not be treated as securities and do not need to be registered as a security, because Shells are advanced tokens that shall be used in the Cove platform for variety of services including encrypted storage, convenient sharing and validations. It effectively means that our tokens i.e. Shells, confers rights related to the usage of our product only, i.e. Cove platform. For the above belief, we have placed reliance on investor bulletin " Initial Coin Offerings" dated July 25th 2017, issued by SEC US and CSA staff notice, 46-307 "Crypto currency offerings" released by CSA Canada. Cove is the product of our UK registered company, Hashcove Limited.

However, as a matter of abundant caution, in order to avoid any potential issues, we will disable Shells contribution by some countries, including US residents. More details on this section will be available on our website, in the Terms of Token Sale. Please note that these terms are subject to

change, between now and our token sale, as per the evolving opinions and regulations of different countries.

TOKEN SALE

Cove's Shell (SHEL) tokens will initially be distributed in the form of a pre-sale at a discounted rate, more details will follow on our token sale website and newsletters.

Details of the Pre-sale

Our pre-sale starts on 21st September, 0700 hours GMT, for maximum of 1 week. Our goal is to sell a maximum of 100 million SHELs and a minimum of 5 million SHELs contribution through our presale.

In the pre sale 100 million Shells will be available for purchase, amounting to 10% of the total supply. The pre sale will be conducted in four phases of 25 million Shells each.

- The first phase of the crowd sale will be the power phase, during this period Shells will be offered at a 40% discount.
- Phase 2, 3 and 4 will have 30%, 20% and 10% discount respectively.
- Additional Bonus tokens will be awarded if purchases are made over 3 ETH or equivalent in BTC according to the bonus table that will be announced a few days before the date of Pre Sale.

The pre-sale will be held on the Cove Token Sale website:

<https://coveidentity.com/tokensale>

using an Ethereum based smart contract.

The Crowd Sale

The crowd sale will start a few days after the completion of the pre-sale. The terms of the crowd sale will be announced after the pre-sale and discounts/bonus will not be superior to the sale terms of the pre-sale. A total of 410 million Shells will be available for purchase. Shells will be made available on all major exchanges within a few weeks of the crowd sale ending.

TOKEN SALE STRUCTURE AND LAUNCH DATE

A detailed explanation of our Token Sale structure will be available soon. We are targeting the launch of the Token Sale for 21st September 2017, 0700 hours GMT. If you'd to be the first to know, sign up for our updates at:

www.coveidentity.com/tokensale

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