



Whitepaper

March 2017

Introduction

Cryptocurrency, specifically Blockchain, has been proven to be a groundbreaking technology in society today, yet it is still in the early stages of adoption. Consequently, many new cryptocurrency concepts are being marketed to bridge the gap between technical complexity and usability of Blockchain.

The potential in this growing market along with increasing acceptance of cryptocurrencies makes new projects extremely appealing for start-ups and investors alike. The market for cryptocurrencies is not fully realized. Simply trading cryptocurrency can be a burden for many potential users due to security concerns and identity verification difficulties.

Having easy-to-use, secure cryptocurrency technology that integrates P2P exchange between fiat and cryptocurrency, credit card capability, and cold, secure storage of user funds while providing novice users techniques to improve their skills is the future of safe trading and exchange of assets. Providing users with a return on net profits serves as an additional enticement.

We are ETHBITS with a successful trading platform at www.ethbits.com and we are presenting an opportunity for investors to participate in a Token Crowdsale for our new social trading platform – *iTrade*.

Meet ETHBITS

Easy-to-use, secure cryptocurrency with a future-minded organization - that's where ETHBITS comes into play, as a trustworthy and secure alternative exchange that allows users to easily convert fiat into any cryptocurrency. Buy or sell your favorite cryptocurrency in just a few clicks with peace of mind, knowing that your funds are safe and you are dealing with a trustworthy organization. With ETHBITS, security and access are the new reality and will become the standard because we at ETHBITS believe that ***everyone, everywhere should have access to crypto currencies.***

Having a solid and strong foundation drives our strategy and that is why our first launch will cover crypto to fiat conversions for citizens all over Europe. Be it Greece, Slovenia, Germany or Finland, users will be able to convert their cryptocurrency to their local fiat.

What are ETHBITS Goals?

At ETHBITS, we are a young and innovative company and we seek not only usability, but also hold the intrinsic standards of cryptocurrencies in high regard - the principles of ***anonymity and decentralization***. We aim to minimize bureaucracy and build an easy-to-use, fool-proof platform for the masses.

Specifically, our goals are:

- To offer P2P exchanges between major fiat currencies and a variety of cryptocurrencies with a large and active community.
- To offer a new way to trade, copying expert traders' movements.
- To offer a physical goods exchange where users can exchange their goods in a fast and secure manner.

In addition to creating a safe platform to buy and sell cryptocurrencies, we have implemented several unique selling points which enable us to approach and attract a wider audience. ETHBITS is a financial company constantly seeking new technology on the market and adapting our future goals accordingly.

What are ETHBITS Objectives?

Currently our powerful platform enables selling and buying of cryptocurrencies using bank transfers, and will soon make selling and buying an easy process all over Europe. ETHBITS ensures the security of users' funds via cold storage, and has very strict rules when selecting sellers, providing buyers with the confidence they want.

During the first phase of the rollout, ETHBITS is integrated with the existing platform of Ethereum, which has been proven to be a reliable and stable base. We plan to evaluate migrating the codebase to the WAVES platform once the WAVES platform is mature. We believe that ETHBITS can benefit from the many features WAVES can offer.

Our ultimate objective is to create an exchange ***for the people*** owned ***by the people*** which also provides profit ***to the people***; because we believe our profit is our investors profit too.

What are ETHBITS Innovations?

Features new to the crypto-world make our platform unique. At ETHBITS we are targeting professionals and newcomers alike. Customer security is extremely important to us, and why we integrated our platform with Trezor. Our unique features include:

- **Pool trading** – We integrate with up to 15 leading cryptocurrencies, and by using trading forces major profits can be obtained by trading in the volatile cryptocurrency market.
- **Cold and secure storage of user funds** - We alleviate the worry of hacking attempts with the use of cold and secure storage. Use your Trezor device to access and store your money securely, using two-factor authentication and other security verification methods.
- **Catering to inexperienced users** – Our system allows inexperienced traders to copy the movements of those who are much more experienced. New traders can benefit from the expertise and knowledge of experienced market gamers. For users with no time to research trading, there will be the option to **Auto Trade**. Auto Trade is a feature that automatically follows the top traders based on their historical as well as present performance level. Auto Trade is the safest way of trading and will be implemented in the ETHBITS Investment Fund.
- **ETHBITS Investment Fund** - We will provide a completely managed investment fund, based on the leading cryptocurrencies. Users can choose to invest without the hassle of knowing when to buy or to sell! We will base this in the top five currencies - users just decide how much to invest and for how long.
- **Advantages for traders** – Traders who work in our platform have the opportunity of earning a percentage of their follower's profit and obtain power-ups to gain certain privileges, such as reduced fees.
- **Credit Card Integration** - A major feature of ETHBITS Local is direct integration with the new Mycelium card, which enables our users to spend their cryptocurrency easily and safely. The Mycelium card is a blockchain-based card and mobile wallet for payment management. Additional information on the Mycelium card can be found at: <https://card.mycelium.com/>.



Provably Fair Profit Sharing

Ethbits shares 40% of its profits to the ETB token holders. Although Ethbits service needs to have some centralized elements when it's launched, we strive for decentralization and minimizing the need of trust.

All EthBits trades are publicly reported. This is a standard practice for the contemporary cryptocurrency exchanges and also a requirement for all regulated exchanges. EthBits takes this one step further; trade data will be uploaded to Swarm[1] peer-to-peer storage ensuring the data availability even if the service itself goes down some day.

To verify the trade data integrity the users can check that trades they make appear in the published trade data. Furthermore, the completed trades get a sequential trade id that ensures there are no gaps in the trade data.

The dividends are paid out quarterly. Based on the published trade data, EthBits loads the ETH amount of dividend payout into a smart contract. The smart contract contains a table of token holders taken as a snapshot of the dividends declaration date. The token holders then proceed to call the smart contract function `pay Dividends()` from the wallet where they held the tokens at the time of a snapshot. The smart contract then will proceed to pay the dividends to the wallet that made the claim.

If the snapshot of the token holders do not match the dividends payout amounts 100%, the dividends smart contract refuse to pay out any dividends. This way, either all dividends get paid out fairly to the token holders or none of dividends are paid out. EthBits researches real time dividend payouts as micro transactions. However, as the writing of this, Ethereum network does not yet scale to such small, high volume, transactions. This will become option when Ethereum network receives sharding[2] and lightning network capabilities[3].

[1] <https://github.com/ethersphere/swarm>

[2] <https://github.com/ethereum/wiki/wiki/Sharding-FAQ>

[3] <https://github.com/raiden-network/raiden>

Why is ETHBITS launching a Token Crowdsale for iTrade?

Although we have seven important shareholders, we want to offer an opportunity to everyone to become involved in the early stages of this exciting project, creating an opportunity of profit and being part of a revolutionary movement. Exchanges work because people use them to buy and sell their assets. Big traders (whales) have access to a premium on trading fees, but no exchange has a model with a cash-back option.

This is what makes ETHBITS so unique - the more you use our exchange platform, the more profit is made, which means *more profit back to the users*.

ETHBITS iTrade is the next step in our development and will allow new users with all the information needed to decide whom to follow, including a full profile outlining profit and loss in different time frames and historical graphs of performance. Users can choose to be notified every time they copy a trade and can check the overall profit ratio for a certain period.

Features of iTrade include:

- Pool trading of 15 cryptocurrencies and fiat.
- Ability to use virtual cryptocurrency to gain experience and understanding of trading.
- Full history of each trader (optional for traders).
- Ability to automatically follow up to five traders.
- Full range of professional analysis tools and trading tools.
- Multiple levels of the user interface – simple, intermediate and professional.
- Token rewards for high volume traders.
- Token rewards for new sign-ups.

ETHBITS iTrade is taking local Bitcoins to the next level making it easy to buy cryptocurrency world-wide. With a full history of user trading, decisions are easy, even for novice users. With a few clicks, users can copy the trades of experienced traders. Users can earn rewards for large volume trading and bringing new users to the platform. To achieve that objective, we developed a token approach:

ETHBITS Tokens.

Provable fair profit sharing

What are Tokens? How will the ETHBITS iTrade Token Crowdsale work?

The ETHBIT token is a type of currency used to pay fees on the ETHBITS Local platform (for example to buy/sell Bitcoin, Ether and other cryptocurrencies). ETHBIT tokens can also be used to distribute dividends to investors. If you hold ETHBITS tokens, you hold a portion of our platform, and by holding a portion of our platform you are entitled to your share of a distribution of 40% of the platform's profit. The dividends will be paid on a quarterly basis¹.

A total of 4 mill tokens will be sold and a maximum of 5 mill tokens will ever be in existence. The final number of Ethbits created will be determined by how many tokens are sold in the Token Crowdsale:

- 4 Mill tokens will be sold during the Crowdsale and all unsold will be burned².
- 10% of tokens sold will be used to drive the platform Ethbits iTrade
- 4% of the tokens will go to the core team and the remaining 6% will be used for Marketing and PR³.

It's easy to get started using an Ethereum smart contract and Ether. Receive ETHBIT tokens from our four tiers rolling out over a four-week period <https://ico.ethbits.com>.

- Week 1 - Tier 1 – 0.01 ETH per ETB
- Week 2 - Tier 2 - 0.012 ETH per ETB
- Week 3 - Tier 3 - 0.013 ETH per ETB
- Week 4 – Tier 4 – 0.013 ETH per ETB

¹ Dividends are to be paid quarterly starting three months after the Token Crowdsale.

² Note that unsold Tokens will not be considered in the distribution of the 40% of net profit. The minimum investment needed to be raised in the Token Crowdsale is 400.000 USD. We are expecting that most of the investment will be allocated to development by the core team, as well as local legislative compliance activities.

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What is the Future for ETHBITS?

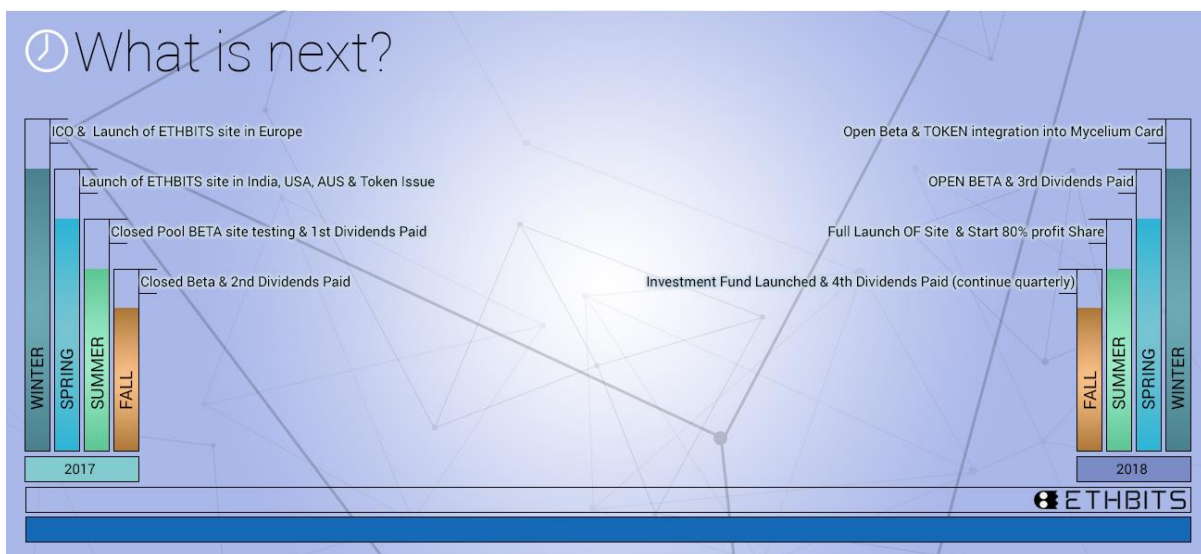
The next two years will be busy. We are launching the Token Crowdsale this winter, followed by expansion into other areas of the world. Gradually we will increase the functionality of ETHBITS into 2018, when we expect to implement a full launch of the ETHBITS Investment Fund.

2017

- Winter → Token Crowdsale, Launch of ETHBITS in Europe
- Spring → launch of ETHBITS in India, USA and Australia
- Summer → Closed pool BETA testing and token issuance
- Fall → Open BETA testing and integration with Mycelium Card

2018

- Winter → Open BETA of ETHBITS token with Mycelium Card
- Spring → Open BETA
- Summer → Full Launch of ETHBITS
- Fall → Launch of ETHBITS Investment Fund



Conclusion

Cryptocurrencies will change the world and ETHBITS wants to be there when it happens by offering an innovative and secure platform to allow the world to safely trade and exchange assets.

Bitcoins are gaining legitimacy and with increasing numbers of companies like Reddit, WordPress, Baidu, and small businesses (like pizza chains) accepting Bitcoin payments, it's the start of a financial revolution. Binary trading and Forex brokers have begun allowing trades with Bitcoins. Bitcoin is the pioneer of the new cryptocurrency era, but the diverse cryptocurrency scene, fails to convince the masses.

As the one and only intermediary, ETHBITS will guide and eventually be the technology that gives both experienced and novice users a peek into the future of currency.

With this Token Crowdsale we offer you a new business model, which in our vision is bound to succeed.

Join us in this financial revolution!

