



# 2019 Coinholder Meeting

July 18, 2019

✧ Lykke



# Vision

✧ Lykke

# About Lykke

- Lykke is an investment and financial product provider leveraging the power of the blockchain.
- Lykke runs a proprietary exchange where clients can buy, sell and store many types of tokenized assets, amongst them cryptocurrencies. Lykke also supports incumbents to embrace the new technology via our B2B business.
- Lykke intends to launch the first regulated security token exchange upon receipt of the Swiss Securities Dealer and OTF (Organized Trading Facility) license from FINMA.

# Test Rocket

Lykke is a pioneer in the blockchain space and has gained in-depth know-how in asset tokenization.

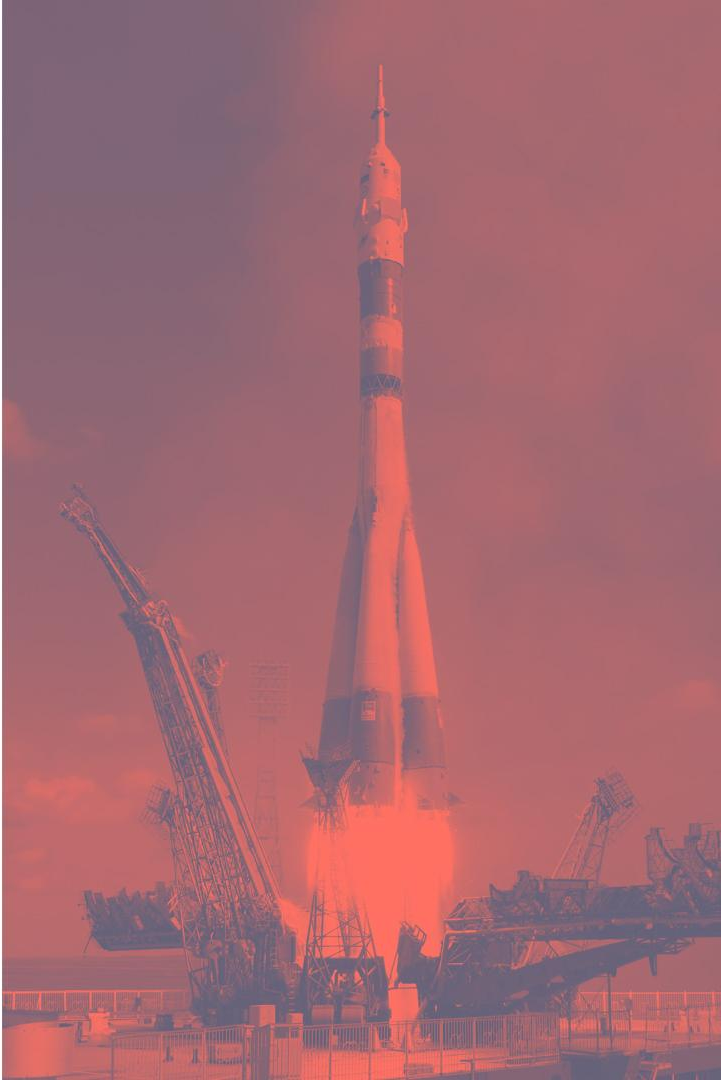
Lykke's exchange offers zero trading fees on approx. 100 asset classes and has an established user base of >100,000 clients with substantial growth potential.

Lykke's index token, LyCI, provides easy access to the top 25 cryptocurrencies in a singular product. Financial engineering expertise allows efficient, automated, low-cost hedging, despite the token's minute-by-minute re-balancing.

Lykke's proprietary market-making engines continue to deliver on expectations, with market-making profitability stabilized at 50 bps.

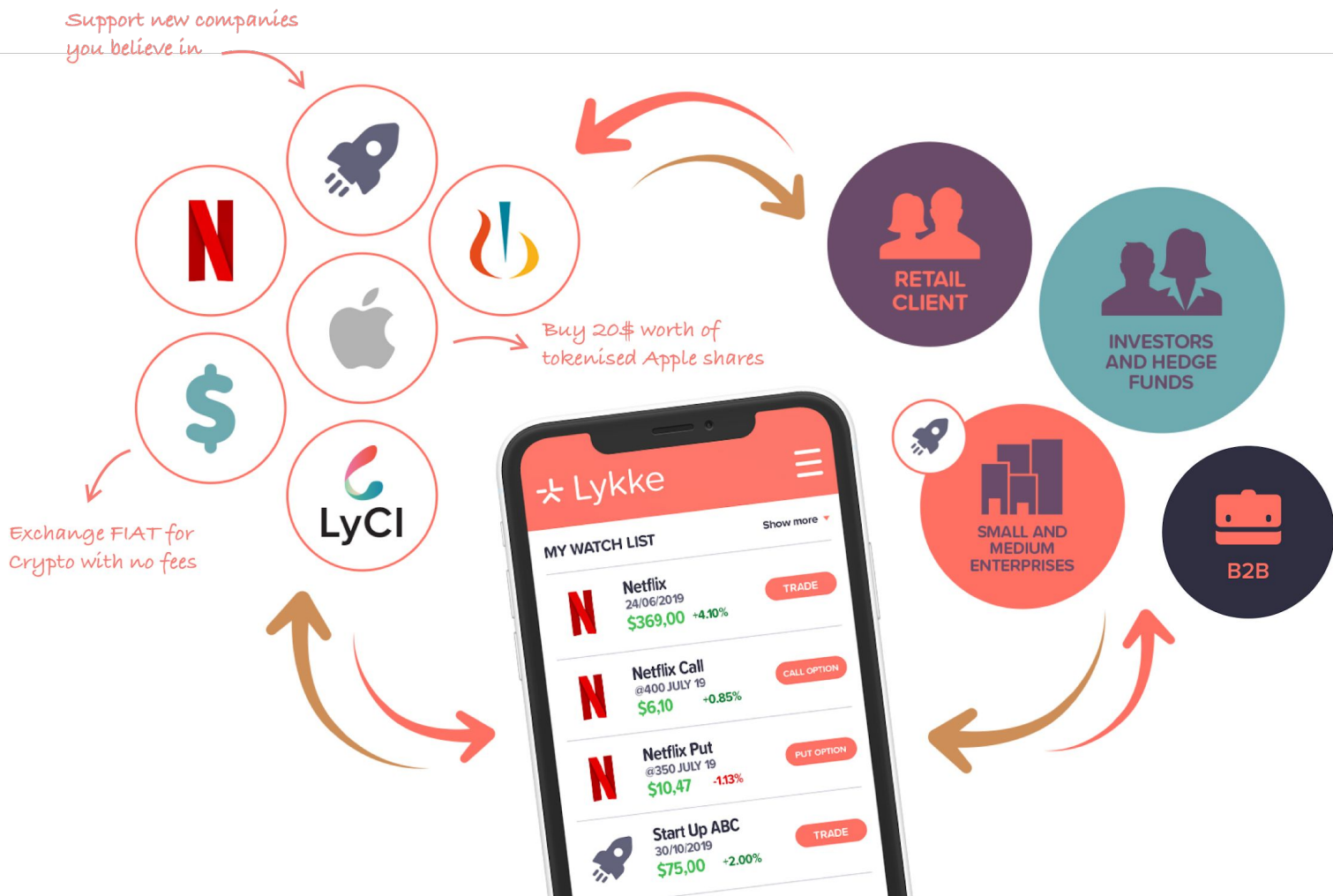
Lykke's B2B business, which deploys the Company's technology for the benefit of large, well-known institutions, expects to achieve approx. CHF 5M revenues in 2019.

**Lykke is ready to take the next step...**



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# Target Ecosystem



# Investment Rounds & Regulatory Milestones

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Bridge-Financing round  
to finance operations:  
CHF 7M at CHF 15M  
pre-money valuation

Initial investment round for  
ramp-up and regulatory  
capital coverage:  
CHF 25M - 30M at a much  
higher valuation

Late 2020: Second  
investment round to  
cover additional  
regulatory capital  
need to scale  
business: CHF 6M

Milestone: FINMA  
grants securities'  
dealer license and  
operation of OTF

Milestone:  
Operational go-live of  
Lykke Switzerland as  
regulated entity





# Overview, Team & Financials

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# Key Messages

- **Focus.** Lykke has successfully streamlined its objectives, team and company structure. We will do a few, strategic, high-potential activities well.
- **Stability.** Lykke's leadership team has successfully led the company for three quarters. Grant Thornton, our auditors, have finalized their critical review and signed off our 2018 Financial Statements.
- **Team.** Lykke's team is a key differentiator - the talent we have recruited to deliver on our strategy is absolutely exceptional!

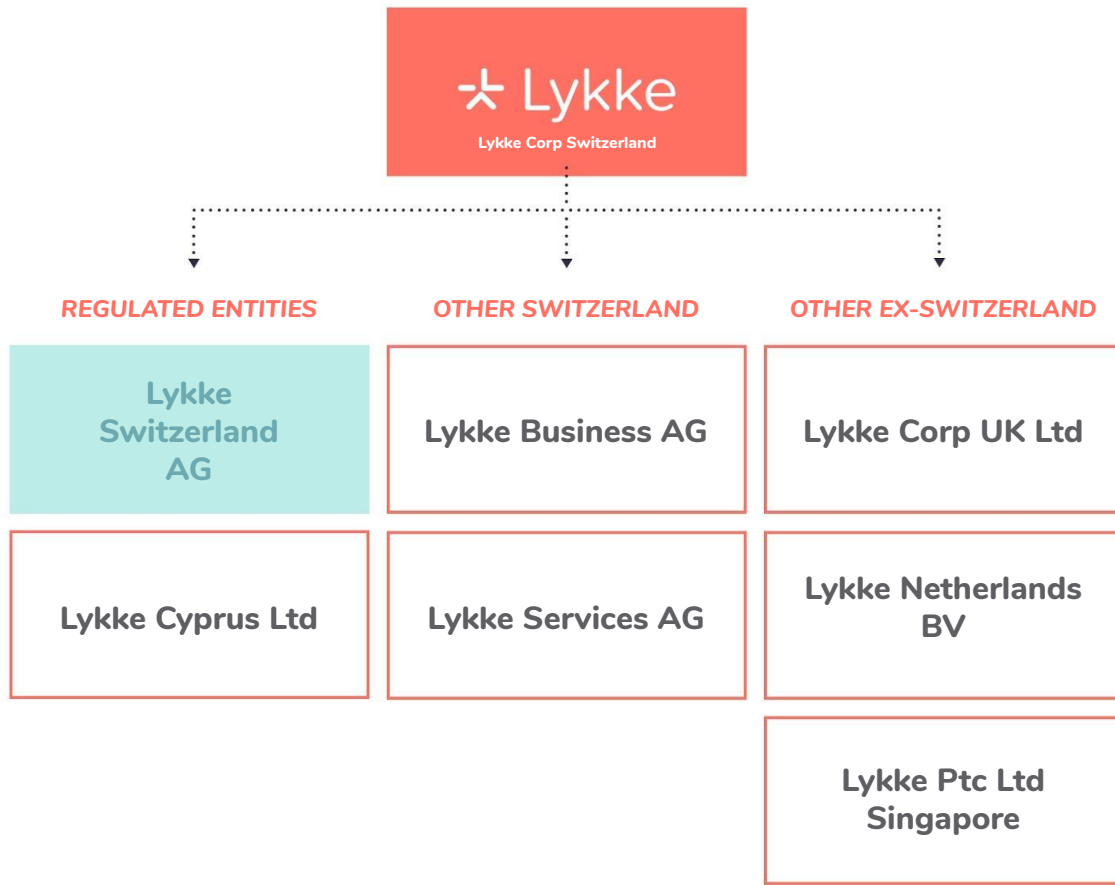


**Regulation is critical.** Having the licenses to operate will differentiate Lykke and allow us the freedom to bring innovative products to market.

It will enhance trust.

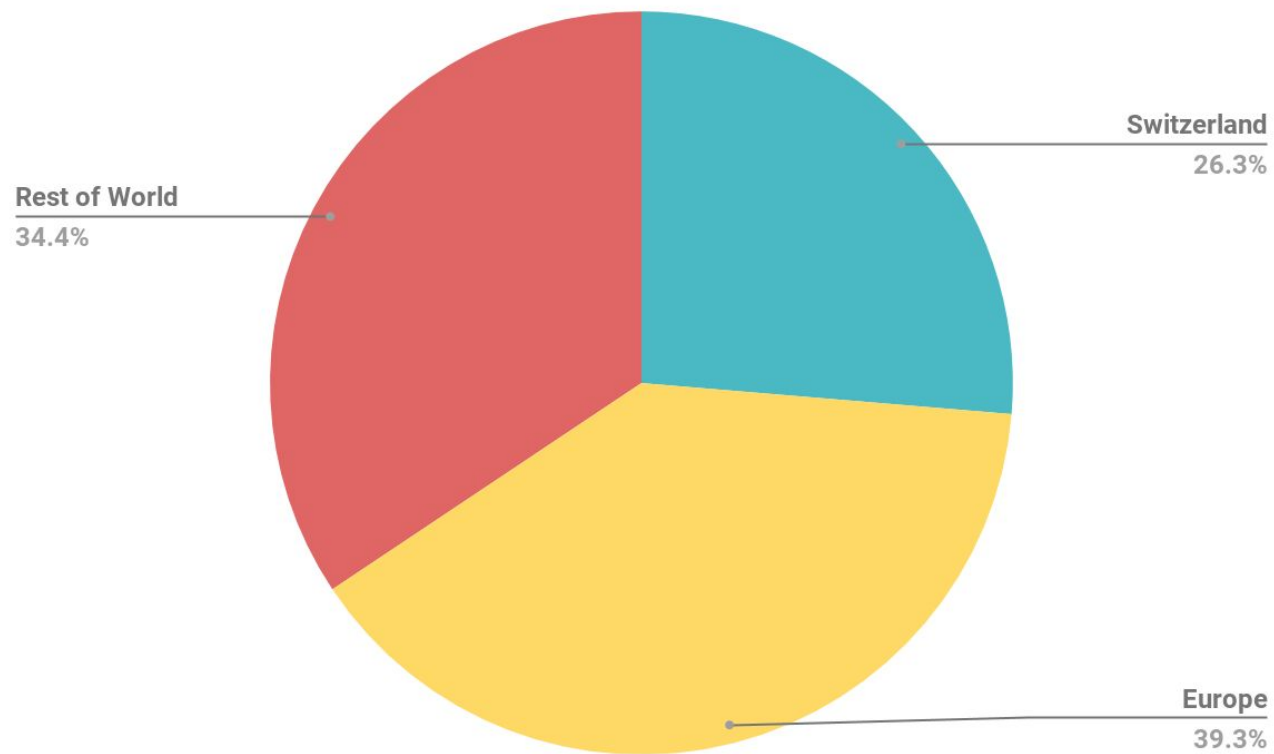
It will attract customers and assets.

The pending Swiss Securities Dealer and OTF license will be a game-changer for the group.  
(applicant: Lykke Switzerland AG)





## Lykke FTE | Geographic Distribution



## Lykke Group Consolidation | 2016-2018 Group Income Statement

CHF Millions	2018 FY	2017 FY	2016 FY
Operating Income / (Loss) - Lykke Core	(3.6)	9.2	0.2
Operating Income / (Loss) - Lykke Business	1.8	2.7	0.0
<b>Operating Income / (Loss)</b>	<b>(1.8)</b>	<b>11.9</b>	<b>0.2</b>
Operating Expenses	9.9	14.1	2.7
<b>Operating Result</b>	<b>(11.8)</b>	<b>(2.3)</b>	<b>(2.6)</b>
Financial Result Profit / (Loss)	2.5	7.3	1.0
Non-operational Income / (Costs)	8.7	(0.0)	0.0
<b>Pretax Profit (Loss)</b>	<b>(0.5)</b>	<b>5.0</b>	<b>(1.6)</b>
Taxes	0.0	0.7	0.0
<b>After Tax Profit (Loss)</b>	<b>(0.5)</b>	<b>4.3</b>	<b>(1.6)</b>

Lykke's Group financials have been critically reviewed and signed off by Grant Thornton for all years 2016 to 2018.

# Lykke Group Consolidation | 2016-2018 Group Balance Sheet

CHF Millions	2018 FY	2017 FY	2016 FY
Cash and Cash Equivalents	5.5	12.6	0.7
Cryptocurrencies (Inventory)	0.9	6.0	0.9
Trade Accounts Receivable	0.9	5.6	0.3
Financial & Intangible Assets	7.2	0.2	0.0
Other Assets	0.2	0.0	0.0
<b>TOTAL ASSETS</b>	<b>14.6</b>	<b>24.4</b>	<b>1.9</b>
Short Term Liabilities	10.4	18.2	0.3
Other Liabilities (Accruals, etc)	1.0	2.1	0.5
Long Term Liabilities	0.0	0.0	0.0
<b>TOTAL LIABILITIES</b>	<b>11.4</b>	<b>20.3</b>	<b>0.9</b>
Share Capital	0.1	0.1	0.1
Legal Capital Reserves	0.1	0.0	0.0
Reserves from Capital Contribution	2.9	2.9	2.9
Profit / (Loss) Carried Forward	2.8	(1.8)	(0.2)
Profit / (Loss) Current Year	(0.5)	4.3	(1.6)
Treasury Shares	(2.0)	(2.0)	(0.2)
Translation Reserve	(0.1)	0.6	0.0
<b>SHAREHOLDERS EQUITY</b>	<b>3.3</b>	<b>4.1</b>	<b>1.1</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDER EQUITY</b>	<b>14.6</b>	<b>24.4</b>	<b>1.9</b>

Lykke's Group financials have been critically reviewed and signed off by  
Grant Thornton for all years 2016 to 2018.



# Customer

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# Target Clientele & Main Drivers

PRODUCT CLASS	POTENTIAL CLIENTS	CLIENT INTEREST
Third Party Security Tokens	<ul style="list-style-type: none"><li>• SMEs (Small and Medium Enterprises)</li></ul>	<ul style="list-style-type: none"><li>• Access to resources and finance</li><li>• Cost effective</li><li>• Increased potential for going public</li></ul>
Tokenized Securities issued by Lykke Switzerland	<ul style="list-style-type: none"><li>• Retail clients</li></ul>	<ul style="list-style-type: none"><li>• Curiosity/FOMO</li><li>• More efficient, simpler and cheaper financial services</li><li>• Financial stability</li></ul>
Tokenized non-linear financial products	<ul style="list-style-type: none"><li>• Traditional institutional investors; eg: hedge funds</li></ul>	<ul style="list-style-type: none"><li>• Portfolio extension through tokens</li><li>• Innovative hedging strategies</li><li>• New Financial products in a regulated environment</li></ul>
Investment products	<ul style="list-style-type: none"><li>• Retail clients, HNWI (High-net-worth individual), Traditional institutional investors; eg: hedge funds</li></ul>	<ul style="list-style-type: none"><li>• Increase control over financial affairs</li><li>• Portfolio extension through tokens</li></ul>

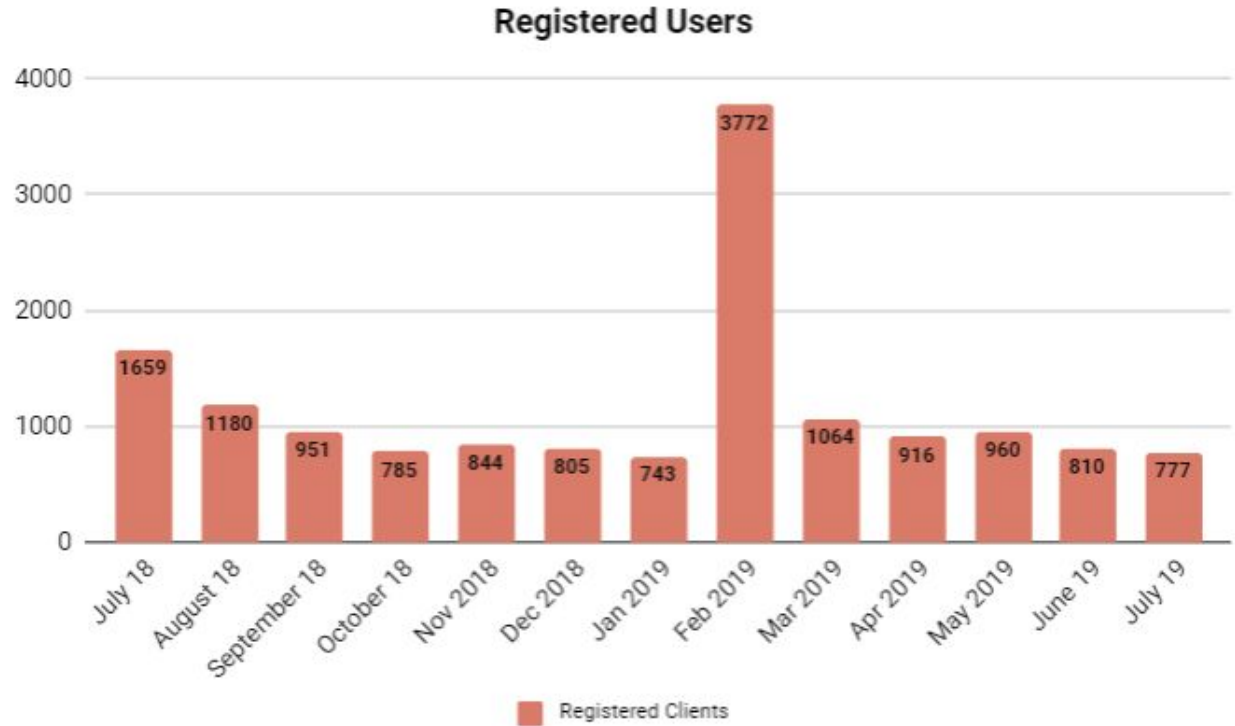
A background image of a chessboard with various chess pieces, overlaid with a semi-transparent red filter. The text "User base data" is centered in white.

# User base data

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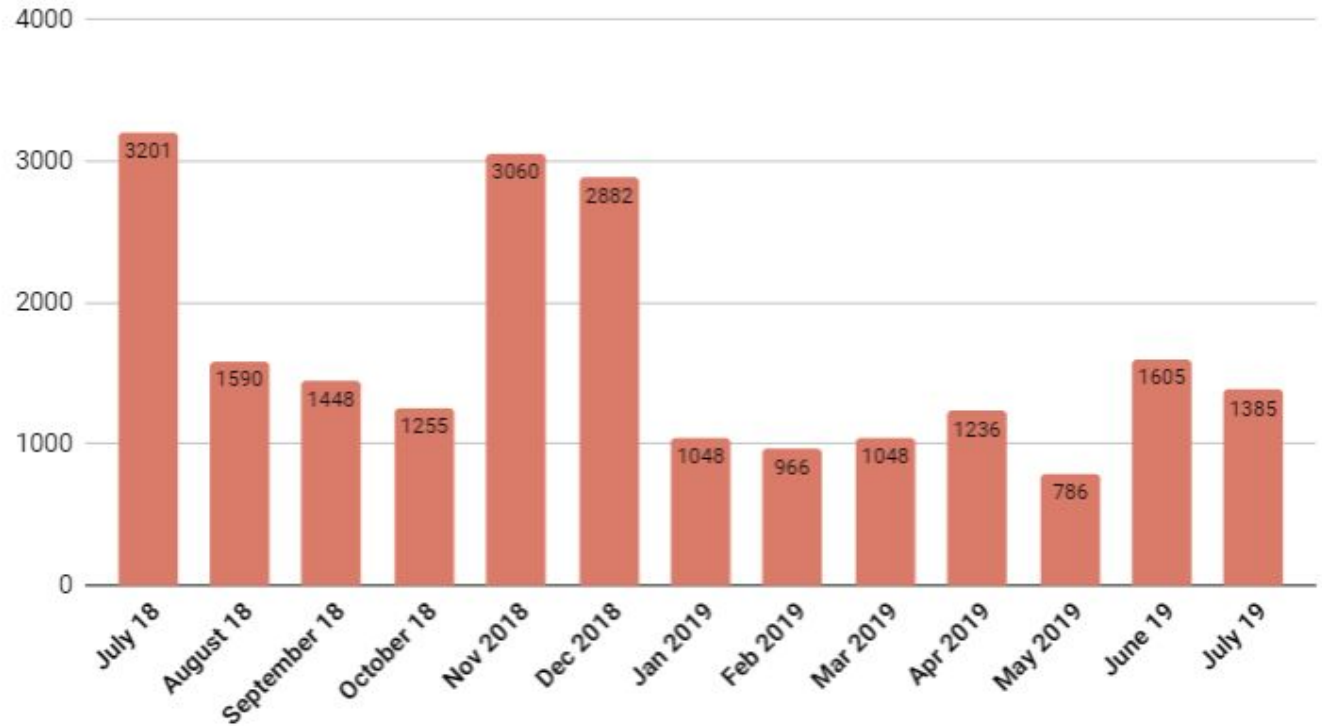
## User Base Data | Registered Users

The peak in registrations in the month of February was due to the 8.88 Lucky Coin Referral Campaign



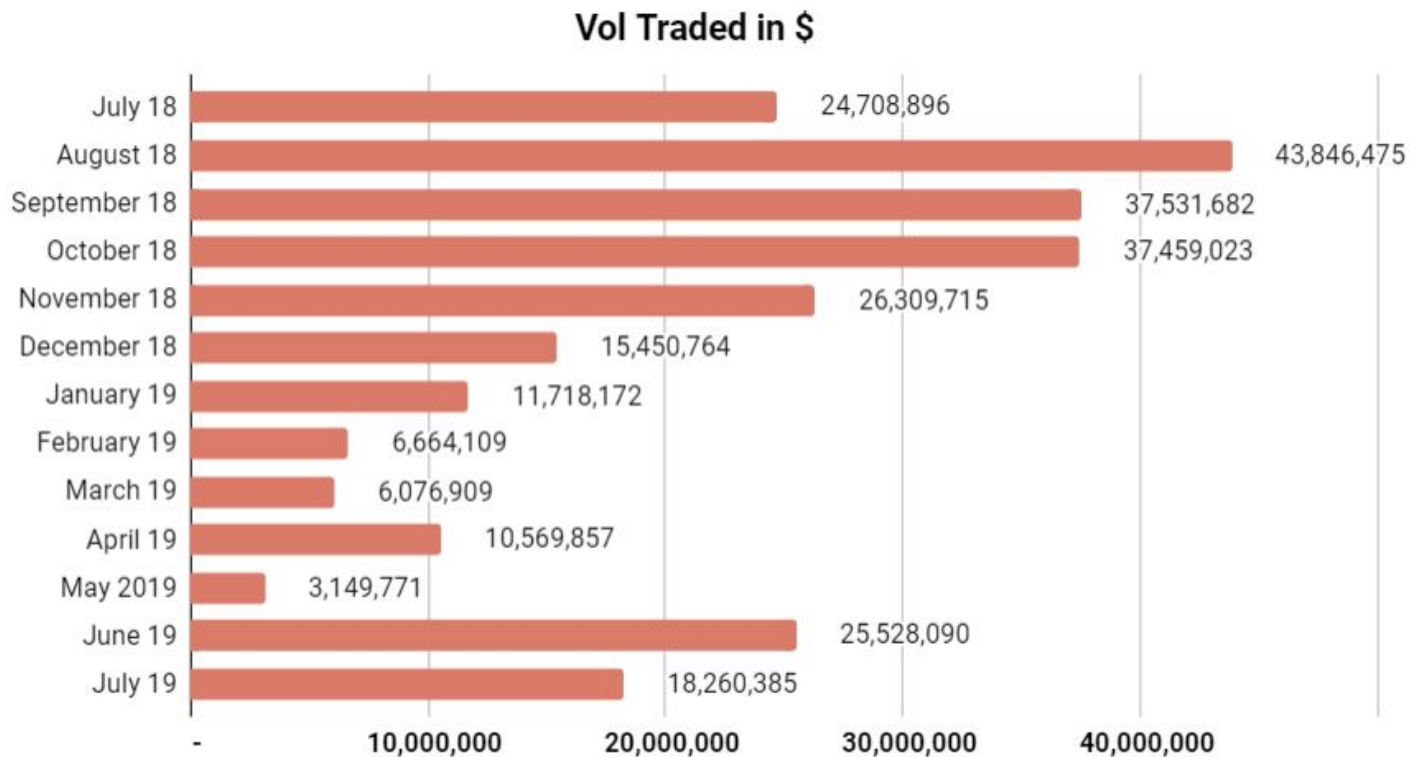
## User Base Data | Active Users

Active Users



An active user is someone who makes at least one trade per month

## User Base Data | Trading Volume







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# Coinholder Q&A 2019





## Q1 | Compliance:

It seems to me that the price move of LKK in the last 2 weeks or so was in anticipation of this new funding round. Everyone who knew about it, had incentive to sell their LKK knowing that they can buy back in at a cheaper price.

How big of a problem do you see insider trading for LKK? Your compliance officer may be on the lookout for big orders from Lykke employees but probably is in no way able to follow that of the extended circle.

It seems to me that a 24/7/365 market was a great idea initially but for an early stage startup as Lykke is, it has proven quite for investors who are not part of some inner circle, live in Zurich/Zug or are somehow close to Lykke. Locking trading the month or so before the coinholder meeting would seemed like a smart idea. Generally, a limited timeframe of trading seems sensible given that Lykke does not provide quarterly business updates in a transparent manner as a public company would have to.

**AI:** *We are doing our best to protect our customers' interests. We have policies and procedures in place regarding market manipulation and insider trading. Trainings are regularly delivered to our employees. Moving forward, we will further improve our controls on insider trading by implementing a specific system for trade surveillance monitoring (note – five vendors currently under evaluation). Please note that this investment round has been ongoing since Q2.*

*Volumes of LKK trading have been extremely low, so that small orders can trigger big price changes. The lack of liquidity of LKK is an issue that we will tackle going forward. In the meantime potential and existing LKK investors need to adapt their trading strategy to the risks associated with low liquidity. In particular, they need to spread out their trades over longer time windows so as not to be affected by short-term price spikes.*

## Q2 | Product

Will there be a new web & mobile application that replaces the existing one? Or how can the delivered information be understood?

**A2:** *There will be a new web and mobile based investment application for the regulated trading venue. It will not replace the existing one and will offer different investment opportunities from the existing app. For regulatory compliance reasons, all users of the new app will need to go through a new onboarding process in order to pass KYC with our Swiss entity and access the regulated trading venue.*

## Q3 | Legal

What's the odds of getting the licence is the big question?

**A3:** *The issuance of the license resides fully in the hands of the regulator. Since we are pursuing a differentiated, innovative business concept, few, if any, precedents exist. So, there is no specific answer to what the odds are. That said, Lykke is fully committed to achieve this objective.*

*We have done the everything possible on our side so far to support the granting of the license, including:*

- (1) Submitting a complete, high quality application to FINMA in March of 2019.*
- (2) Successfully undergoing PwC's critical review of our application, team, policies and procedures, technology, etc, in May of 2019.*
- (3) Leveraging a professional law firm well known in this space to curate our application from the outset.*

*Lykke Team is currently waiting for any eventual additional request that FINMA might put forward as part of its assessment. We remain fully committed to timely and effective interaction with the regulator in order to foster the successful completion of the application.*

## Q4 | Compliance

Is Lykke partnering / interfacing with Chainalysis? If yes, please share more details.

**A4:** *We have contracted with Chainalysis for crypto transactions monitoring, including BTC, ETH, BTH, LTC, and some of the ERC20 tokens listed on our platform. Currently, Chainalysis evaluates all transactions on a weekly basis and provides Lykke with any relevant alerts. Alert levels include Severe, High Risk, Medium Risk and Low Risk, as well as Direct or Indirect exposure.*

*Lykke has defined a framework of required actions that are taken depending on the behavior that triggers the alerts. Actions include account closure, request for proof of funds, closer monitoring, etc. The actions are discussed and agreed between the Head of Compliance and the Customer Support Team.*

## Q5 | Funding Rounds

What share of the new capital structure will belong to original Lykke holders?

**A5:** *Lykke is pursuing two discrete funding rounds:*

*(1) CHF 5–7M (plus conversion of existing CHF 3M loans) at a valuation of 15M. Given the high potential of the pending OTF license/activity, Lykke is focusing on preparation for it. Related expenses will continue to exceed revenue throughout the rest of 2019. In order to finance operations, we are pursuing a small bridge-financing round of CHF 7M at a pre-money valuation of CHF 15M. The low valuation is linked to the fact that the OTF license has not yet been decreed – we're asking people to take a risk with us.*

*(2) CHF 25–30M at a much higher valuation. Commitments for investment in this round will be triggered by the receipt of the OTF license, or at a minimum the decree that outlines the final actions required to receive the license. This limits the risk that investors are taking, which*

*supports a much higher valuation. This funding will provide regulatory capital for the OTF and support its operations until it achieves bottom line profitability and can self-support.*

*Currently, we can comment on expected participation to round (1) only. To support the CHF 7M raise and the CHF 3M loan conversion, Lykke will issue a maximum of 8'571'267 new shares. This would lead to a new total Lykke shares of 21'428'167 compared to the actual amount of shares of 12'856'900.*

*Current Lykke investors are expected to contribute 90% of this round, with 10% coming from a new Asia-based strategic investor.*

## **Q6 | Funding Rounds**

Will the new round of funding come before the licence or after the licence has been received?

*A6: Please see the answer above for more detail. Round (1) will complete before the license is awarded. Round (2) will include investment commitments which will be triggered by the license receipt.*

## **Q7 | Funding Rounds**

How do you expect to get the new capital? Through an ICO or traditional channels?

*A7: Please see the answers above for more detail. Lykke is pursuing investment via traditional channels. We are working directly with investors we know, and we are also partnering with TCFG (Swiss financial and investment advisory firm) to reach investors globally.*

*Now that Round (1) has reached CHF 5M of the CHF 7M, we will provide a direct opportunity for existing LKK-holders to participate.*

## **Q8 | Funding Rounds**

Lykke is still taking money from local investors. In order to expand internationally, Olsen wants to bring larger, foreign investors on board to open doors abroad. How?

*A8: Please see answers above for more detail. Given that Lykke is pursuing its key regulatory wrapper in Switzerland, it makes sense to continue to pursue Swiss investors. That said, Lykke and Richard have achieved a global brand awareness that regularly brings foreign (Asia / US-based) investors to our door.*

*We work to cultivate those relationships as they arise. In fact, one Asia-based investor we got to know in this way will contribute to Round (1).*

*Our partnership with TCFG also helps us to reach global investors, which is our focus for Round (2).*

## **Q9 | Funding Rounds**

Will the next investment rounds involve dilution for LKK?

*A9: Please see answers above for more detail. Both investment rounds will dilute Lykke's current investors.*

## **Q10 | Funding Rounds**

How's the shareholder structure in Lykke (founder, institutional, retail)?

*A10: The founder and the shareholders are individuals; no institutional investors are currently shareholders. We have seven primary shareholders, most of which have been shareholders in Lykke since the outset (63% ownership). We have >6,000 LKK-holders (37% ownership). If by "institutional investors" you refer to large companies, then Tamedia is present as an LKK-holder.*



## Q11 | Business

Is there any progress made on the natural capital front? Any new assets/partnerships?

**A11:** *The Natural Capital front hasn't been an area of focus for the team. However, the OTF license will remove an important roadblock as many natural capital tokens are categorized as securities.*

## Q12 | Business

Seba, Sygnum, and Bitcoin Suisse all applied for a Swiss banking license. What's the reason Lykke applied for an OTF license instead? What are the advantages and disadvantages of an OTF license compared to a Banking license?

**A12: Lykke** - *When we refer to our application for an "OTF License", we shall actually refer to a "Security Dealer License needed to run an OTF". From a legal standpoint, the license we are seeking is the Security Dealer License. Under Swiss law, an Organized Trading Facility (OTF) needs to be directly operated by either a licensed bank, a securities dealer or a financial market infrastructure. We have decided to pursue a Security Dealer License because it is the one which aligns the best with our business model (see comments under "General" topics below). We believe that blockchain offers the opportunity to deploy a truly innovative business model, regulatorily accessible with a Security Dealer License.*

**General** - *A Banking License is needed if the applicant intends to accept deposits from the public on a professional basis or recommends itself publicly for this purpose. The Banking License is also needed by any company offering financing of any kind on its own account to an indeterminate number of individuals or companies. Conversely, the Security Dealer License is needed by companies and individuals that, inter alia, professionally trade in securities in their own name and offer them to the public on the primary market or create their own derivatives and offer them to the public.*

*Restriction of Investor types (1. only accredited or 2. both accredited and retails): The same restrictions apply for investing in an entity pursuing a Banking License or a Security Dealer License. Investors can be of both natures, companies and/or individual persons.*

*Performing Market Making Roles by the License Owner/Providing Investment Products structured by the License Owner: Market Making (i.e. buying and selling securities on own account), and creation and issuance of Investment Products structured by the licensed entity, are both activities that require a Security Dealer License. In fact, these are core activities that Lykke Switzerland AG will perform when running the OTF, while it will not execute (at least at the beginning of the business) any of the banking activity (i.e. accepting deposit and/or offering finance).*

*In our opinion, the features of tokenization and DLT's enable us to deliver our value proposition without a banking license.*

## Q13 | Business

How is Lykke positioned to compete against Facebook's Libra, and the Winklevoss brothers 'Gemini' which both have significant funding? Given the funding, and brand awareness that these are being given, how is Lykke positioned to integrate and/or compete with these competitors?

**A13:** *The Libra project, Gemini and other projects that are in the pipeline will contribute to expanding the overall market and creating awareness for the new space. Lykke's core competence is to combine blockchain technology with financial innovation. The combination of both technologies results in superior products within a whole ecosystem. There are pros and cons to this strategy: a positive is the long-term potential; a negative is the complexity of the project and the time that it takes for the full benefits of the approach to become visible. We are opting for a step by step approach leveraging our B2B relationships.*



## Q14 | Business

Why there is no news about voting this year unlike 2017 and 2018?

**A14:** *The perspective of LKK-holders is always very important to Lykke. The fact that we have not officially requested a vote this year does not indicate a change to that. Rather, it is indicative of the fact that (a) we have achieved final, critically reviewed and signed off financials for all entities in advance of the meeting this year (not the case last year) and (b) we have made great strides toward achieving a new, highly differentiated, regulated status that will clearly be beneficial for all LKK-holders.*

Strategic decisions aligned with Lykke's regulatory pathway are taken by the well-established Leadership Team under Richard's leadership.

## Q15 | Financial innovation

Where can I find a long term chart of LyCI Index (not the token)?

**A15:** The long term (going back up to one month) chart of the LyCI Index can be found here: <https://www.lykke.com/lyci/>

## Q16 | Finance

Not much was said about LKK. Is it still foreseen to payout dividends at some point?

**A16:** *The payment of dividends is always a strategic decision. It requires the business to be in a strong earnings position with a correspondingly strong balance sheet. It also indicates that the dividend payout is more valuable for investors than the outcome of re-investing funds in the business. Lykke's decision to pay dividends in the future will carefully consider both these, and other, elements.*

Clearly, given Lykke's current financial status, dividends cannot be paid at this point.

## Q17 | Marketing

Are you considering a strategy or incentive to reward loyalty and retain existing coinholders (understand dividends are far away at the moment)?

**A17:** *We appreciate the number of LKK-holders who have remained loyal to Lykke throughout the journey so far. We are always looking for legal and compliant ways to incentivize our long term LKK-holders. The best reward we can deliver all LKK-holders is a strong, profitable business that grows in value while simultaneously achieving its mission to democratize finance. This is our goal.*

## Q18 | Finance

Could you please elaborate on the CHF 6M loan forgiveness? What does that mean?

**A18:** *One shareholder granted loans to Lykke during 2018. These loans, in the form of shares, were utilized to support investments from new investors without issuing new equity. In order to allow Lykke to close its 2018 Financial Statements as a going-concern, this shareholder waived his right to reimbursement for those loans.*

*In short, this "forgiveness" eliminated a CHF 6M Liability from Lykke's balance sheet.*

## Q19 | Business

Will existing Exchange model cease to exist after you will get OTF licence and launch regulated trading venue?

**A19:** *Lykke always has and will continue to pursue a strategy of regulatory arbitrage. Our mission of democratizing finance and making financial investments a real possibility for*

*everyone cannot be achieved within a single regulatory wrapper.*

*From this perspective, our unregulated exchange activity will remain a very important part of the business. In fact, we anticipate that a strong, successful OTF operation will attract new clients and additional volume to the existing unregulated exchange.*

## Q20 | Business

Do you have any plans to list Lykke Corp shares on other exchanges?

**A20:** *We do not exclude this as a possibility in the future, but it currently is not of strategic priority.*

## Q21 | Legal/Finance

Are there plans to start providing quarterly, or at least 1/2 year earnings announcements? I am a long time investor in Lykke, and am keen to get more frequent updates regarding the progress, and challenges that Lykke faces during the year.

**A21:** *Lykke is and remains committed to share with the LKK-holders as much information as it can. However, we want to be factual and reliable in the information that we provide, which is quite difficult in a space that changes so rapidly.*

*We also need to balance the provision of interim updates and the related questions they raise with the business priorities being managed by a lightweight team.*

*In terms of sharing interim financial updates, this is something that we will only do once we commence with a quarterly audit process (note – our current process is annual and will remain so for 2019).*



## Q22 | Business

As we are now half way through 2019, would you be able to provide some details about the outlook in terms of profitability for this year, or be able to provide some insights into the progress you may have made in H1 this year? During last years coinholder meeting, I believe there were some slides covering active users, trading volumes and values, etc – would you be able to share regular updates on this to provide visibility into the growth of your active/trading user base?

*A22: In terms of sharing interim financial updates, this is something that we will only do once we commence with a quarterly audit process (note – our current process is annual and will remain so for 2019). For user base data, please refer to the users base deck.*

## Q23 | Financial innovation

Will you announce on which currently illiquid pairs the market maker will be activated on?

*A23: For the upcoming regulated CH trading venue, liquidity would be provided to every pair traded due to its anticipated regulatory structure (bilateral OTF). In contrast, the Lykke UK trading platform is multilateral by design, and as such, market liquidity of asset pairs is typically a function of the trading volume and general popularity of the asset pair with platform participants. Lykke as a participant of that platform might choose to actively provide liquidity to asset pairs, whether currently liquid or not, if the expected trading profits outweigh funding costs and costs for risk provisions.*

## Q24 | Business

What are the plans/strategy to expand in Asia?

*A24: Lykke has a 5 year plan in terms of global market targets, beginning in the first year with*

*Switzerland and more generally Europe and moving eventually to the world. We have had a presence in Asia laying the groundwork for large level expansion in line with the 5 year vision timeline. Furthermore we have several partners and stakeholders based in Asia, which will be critical for us over these next 5 years as we roll out our vision and product there.*

## Q25 | Marketing

What differentiates Lykke from companies such as Seba and Sygnum? Are they considered as competitors?

*A25: Lykke is very pleased that strong companies like Seba and Sygnum are sharing Lykke's positive outlook on opportunities coming with tokenisations and DLT's. We will all contribute to the market expansion and growth by catering to different market needs.*

## Q26 | Business/Legal

What progress is being made to secure regulatory approvals in the USA? Could you please provide some estimated time frames for this, and other regulatory approvals, as well as updates on where these currently stand?

*A26: Please refer to the simplified Lykke Group Company Structure presented in the Coinholder video.*

*As discussed in the video, Lykke came very early to this market, at a point in time where it wasn't clear which geographies or licenses would bear the most fruit. Therefore, we pursued various licenses across a number of geographies. Today, we've honed in on exactly where and how we want to operate. The resultant simplified company structure reflects our current vision of the path forward.*

*You'll note when looking at the company structure that Lykke is not pursuing regulatory approval in*

the US anymore. In terms of regulation, Lykke is focused on achieving the Swiss OTF license approval from FINMA. Once that has been secured, we will synergistically leverage our EU investment license to extend our customer base. We remain open to pursuing new licenses in other geographies when / if they make sense. As we identify those, they will become part of our strategic plan.

## Q27 | Business/Legal

Would you be able to provide more details about expected dates regarding when you may be expecting to receive certain approvals from governments, and your projected growth rates linked to those approvals? While I know those are hard to predict, it would be very good if we could see some 5 year plans (even if just high level), which can be regularly updated as you go along. It would be really helpful to us as investors to have an idea of where you see Lykke going over the coming years, what targets you are all working towards internally, and how you see overcoming those challenges would impact the business in this new and dynamic environment.

**A27:** Lykke's only open regulatory application is that for the Swiss OTF license from FINMA. Our working expectation is that we would be able to go live with that license / activity from the beginning of 2020. While this is what we are planning / striving to achieve, the timeline remains fully in the hands of the regulator at this point. It can always be later.

*We have a detailed five-year plan for each entity in the group. This business plan formed part of our application to FINMA. It continues to evolve as we more deeply evaluate the activities we contemplate and the likely regulatory capital requirement associated with those.*

*While we only share the details of the plan with potential investors upon execution of a non-disclosure agreement, we can share that we currently target the following metrics on the OTF by the end of the 5-year horizon: 180K active users*

*//> CHF 400M Notional Amount Outstanding //>  
1,000 Listings //> CHF 100M in Revenue.*

## Q28 | Business

Where are the facts, statistics, goals, partnerships that justify a reasonable investment?

**A28:** We have a detailed five-year plan for each entity in the group. This business plan formed part of our application to FINMA. It continues to evolve as we more deeply evaluate the activities we contemplate and the likely regulatory capital requirement associated with those. We only share the details of the plan, as well as insight to the capabilities / talent in the team, with potential investors upon execution of a non-disclosure agreement.

## Q29 | Business

Will post-OTF exchange allow placing limit orders inside the spread (i.e. market making the books)? Or Lykke will be the only market maker for all books?

**A29:** Yes, participants will be able to set limit orders at any price and volume. However, this order won't be accessible or visible to other participants of the platform as Lykke will always be the counterparty to any trade.

## Q30 | Marketing

Will you wait for the release of the new website & general rebranding until you received the FINMA license or will that published before?

**A30:** We are advanced in the development of the new website and product suite; however, we do not want to release this too far in advance of our potential securing of the license. The reason for this is therefold:

*1. We want to take advantage of all the time possibly available to have our legal and compliance teams check, and continually re-check, every aspect of the new products, thus strengthening our application for the license as well as our estimation and standing with regulators.*

*2. While we are advanced in this stage, we want to use the time we have to fine-tune and perfect certain remaining aspects, to ensure the most complete experience possible at launch.*

*3. We want to safeguard and protect our strategies and USPs in advance of a critical game-changing moment as it might give competitors ideas.*

### **Q31 | Financial innovation**

As described by Cameron, in the new license, Lykke will always be the counterparty. Isn't it against blockchain philosophy which allows peer-to-peer trade?

*A31: One has to distinguish between the exchange and P2P trades on the blockchain. When trading on the Lykke CH platform, indeed, Lykke CH will be the counterparty. However, this does not imply that those tokens or coins cannot be traded P2P on the blockchain. The exchange platform just gives token holders the possibility to benefit from increased liquidity provided by Lykke on its platform.*

### **Q32 | Financial innovation/Legal**

Will you be able to offer lending/financing markets for crypto instruments after you get OTF licence?

*A32: Lykke does not intend to provide lending activities. These activities are outside the scope of the services that will be offered by Lykke Switzerland upon receiving the license to run an OTF.*

### **Q33 | Business**

What problem does Lykke solve and especially "when"?

*A33: Lykke is an investment and financial products provider which offers a market place matching innovative blockchain projects and financial products with eager market participants that wish to discover and then invest in these assets at minimum cost, with minimum effort, in minimum time but with maximum security. We do not compromise on the principles of security and transparency, and from day one, have had regulatory approval factored into every operational decision and every product design. We bring people together from the different disparate corners of the blockchain universe and provide a safe space for them to personalize their investment portfolio and create additional value for themselves.*



[\*www.lykke.com\*](http://www.lykke.com)